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HIGHWAY BEAUTIFICATION

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON ROADS

OF THE

COMMITTEE ON PUBLIC WORKS

UNITED STATES SENATE

NINETY-FIRST CONGRESS

FIRST SESSION

ON

S. 561

A BILL TO AMEND SECTION 131 OF TITLE 23 OF THE UNITED STATES CODE

S. 1442

A BILL TO AMEND SECTION 131 OF TITLE 23 OF THE UNITED STATES CODE, RELATING TO CONTROL OF OUTDOOR ADVERTISING ALONG FEDERAL-AID HIGHWAYS, IN ORDER TO AUTHORIZE ONE OR MORE PILOT PROGRAMS FOR THE PURPOSE OF SUCH SECTION

JUNE 17 AND 18, 1969

Serial No. 91-14

Printed for the use of the Committee on Public Works



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1969

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REPORT OF THE

SUBCOMMITTEE ON ROADS

OF THE

COMMITTEE ON PUBLIC WORKS

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HIGHWAY BEAUTIFICATION

TUESDAY, JUNE 17, 1969

U.S. SENATE,
SUBCOMMITTEE ON ROADS
OF THE COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee met at 10:10 a.m., pursuant to call, in room 4200, New Senate Office Building, Senator Jennings Randolph (chairman) presiding.

Present: Senators Randolph, Jordan, Gravel, Cooper, Boggs, and Packwood.

Staff present: Richard B. Royce, chief clerk and staff director; Barry Meyer, counsel; and Bailey Guard, assistant chief clerk (minority).

The CHAIRMAN. Good morning, ladies and gentlemen. We begin hearings this morning on legislation relating to the highway beautification program, in particular that portion of it which deals with the regulation of outdoor advertising.

Two bills are pending before the committee on this subject. Senator Moss has introduced S. 1442, which would amend section 131 of title 23 of the United States Code relating to the regulation of outdoor advertising along our Federal-aid highways, in order to authorize one or more pilot programs for the purpose of such section. The other bill is presented by Senator Hansen, S. 561, and would postpone the time for State implementation of the program until January 1, 1972. (S. 561 and S. 1442, follow:)

[S. 561, 91st Cong., first sess.]

A BILL To amend section 131 of title 23 of the United States Code

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. The first sentence of section 131(b) of title 23, United States Code, is amended by striking out "1968" and inserting in lieu thereof "1972".

SEC. 2. Section 131(c) of title 23, United States Code, is amended by striking out "1968" and inserting in lieu thereof "1972".

SEC. 3. The first sentence of section 131(e) of title 23, United States Code, is amended by striking out "1970" and inserting in lieu thereof "1972".

[S. 1442, 91st Cong., first sess.]

A BILL To amend section 131 of title 23 of the United States Code, relating to control of outdoor advertising along Federal-aid highways, in order to authorize one or more pilot programs for the purpose of such section

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 131 of title 23 of the United States Code is amended by inserting at the end thereof a new subsection as follows:

"(o) (1) The Secretary is authorized to enter into agreements with one or more States for the purpose of carrying out one or more pilot programs to deter-

mine the best means of accomplishing the purpose of this section. Any such agreement shall provide for the payment of the Federal share, prescribed in subsection (g), of the cost of the program, and shall be in accordance with the other provisions of this section to the extent applicable for the purpose of this subsection.

"(2) There are authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed \$5,000,000 to carry out the provisions of this subsection. Amounts appropriated for the purpose of this subsection shall remain available until expended."

The CHAIRMAN. Concern has been expressed by those persons and companies engaged in the outdoor advertising business. They feel that failure to fund the provisions of section 131 of title 23, United States Code, has really added great uncertainty to the operation of their businesses. Each of these bills in its own way is designed to lessen the impact of that uncertainty.

In the interest of objectivity, this committee will look into these proposals to see what can reasonably be done to accomplish the purposes of the highway beautification program and, at the same time, ameliorate the impact upon those involved in the important business of outdoor advertising.

STATEMENT OF HON. JOHN A. VOLPE, SECRETARY OF TRANSPORTATION

(The following testimony by Secretary Volpe concerning highway beautification was presented on June 24, 1969, and was extracted for inclusion in this printing.)

Secretary VOLPE. The major item for consideration this morning is the administration of the Highway Beautification Act of 1965. Earlier this year, I transmitted to Congress our proposal for a \$30 million authorization to carry out that program for fiscal year 1971, plus \$1.5 million for administrative expenses.

The scenic overlooks and rest areas being provided under title III of the act are being very favorably received and heavily used by the motoring public. And most of us agree that junkyards are unsightly and should be hidden from sight where possible. However, we recognize that title I of the act, relating to billboard control, has been seriously criticized as inequitable and ineffective.

Certainly, title I has not worked out the way it was hoped it would. For example, the 660-foot limitation on either side of the right-of-way on the Interstate and primary systems from which billboards are excluded has resulted in the erection of huge signs outside that limit. These are esthetically less enhancing to the landscape—and are visible even farther—than the smaller signs close along the highways which the act precludes.

And in many instances, in addition to defeating the purposes of the Highway Beautification Act, small businesses cannot afford these huge signs and suffer hardships as a result. Of course, no one intended the act to work this way, but we recognize that it has occurred.

On the other hand, we acknowledge the need for some means to protect scenic areas alongside our highways. We, therefore, recommend enactment of the authorizations which we have requested in order to continue the program at a minimal level out of fairness to those States which have adopted our requirements and made expenditures in reliance on them, as well as to continue aspects of the program which

have been successful. In the meanwhile, we are restudying the entire highway beautification program with an eye toward modifications.

Given the problems we face and the limited resources available, a number of possibilities present themselves. Let me just mention a few which have been suggested and which we are studying, with no firm conclusions at present:

Billboard controls might be limited to the Interstate System and bar all signs outside urban and commercial areas except at rest areas, information sites or specially selected locations within the Interstate System right-of-way.

Attractive sections of other Federal-aid systems might be designated as "scenic highways" and similarly controlled.

Scenic easements might be purchased along these routes to insure that the natural beauty of the countryside remained undisturbed.

All nonconforming billboards might be required to be removed in 7 years without compensation on the basis that their useful life will have been amortized in that time, and no new billboards would be erected in controlled areas.

Another suggestion for a new program is already before you in S. 1442. That bill would authorize \$5 million to carry out "pilot projects" to determine the best method of accomplishing the control of outdoor advertising.

We understand the approach contemplated under S. 1442 to be a program to buy out nonconforming signs on a company-by-company basis. We think adoption of this proposal would be premature before a restudy of the whole program is accomplished.

Another bill, S. 561, would amend title 23 to postpone the time upon which the Secretary might impose a penalty in cases where a State had not made provision for "effective control" of outdoor advertising along the Interstate and primary systems under the present law.

Supporters of the bill have urged its enactment to give the States more time to meet Federal standards. We believe this legislation is actually unnecessary since existing provisions of section 131 of title 23 already vest the Secretary with ample authority to suspend the application of the penalty provisions to a State for such periods as he deems necessary in the public interest.

Moreover, the proposal cannot be justified on the basis of inadequate Federal funds to carry out the program. Section 6(d) of the Federal-aid Highway Act of 1968 already provides that no sign is required to be removed where the Federal share of the required compensation is not available. For these reasons, we see no need for and do not favor enactment of S. 561.

I have not tried to go into too much detail, Mr. Chairman and members of the committee. I will leave that to Mr. Turner.

The CHAIRMAN. Our witnesses, mostly from Utah, and supplemented with witnesses from Colorado, will direct their attention to the provisions of S. 1442. We are pleased to welcome before our Subcommittee on Roads the author of S. 1442, the junior Senator from Utah, and most importantly we want the record to reflect that he is a former member of the Committee on Public Works and its Subcommittee on Roads.

In my absence I am designating Senator Gravel to proceed with the hearing.

Senator GRAVEL (presiding). Thank you, Mr. Chairman.

**STATEMENT OF HON. FRANK E. MOSS, A U.S. SENATOR FROM THE
STATE OF UTAH**

Senator Moss. Before the chairman leaves, may I express my appreciation to him for this timely hearing and express again the great pleasure it was of mine to have the opportunity to serve under his chairmanship on the Public Works Committee, 10 very valuable and delightful years that I worked in this committee. I feel very much at home here and I am happy every time I have a chance to return. I thank you, Mr. Chairman.

Chairman Gravel, may I proceed?

Senator GRAVEL. Please, sir.

Senator Moss. Mr. Chairman and members of the subcommittee, it gives me a great deal of pleasure to appear before you this morning to testify on behalf of Senate bill 1442, introduced by me on March 7, 1969. There are a number of witnesses from the States of Utah and Colorado who have come here today to testify on behalf of this bill. I would like briefly to identify these witnesses to the committee. I will do it rather quickly because I think they are all here and you will hear from them later, but I wanted to point out that we have here a cross section of witnesses I believe who can tell the entire story to the subcommittee in a way that will make it clear what the problem is and what I think the solution should be.

Mr. Henry C. Helland, director of Utah State Department of Highways.

Dr. Larry T. Wimmer, associate professor of economics, Brigham Young University, Provo, Utah, and his associate Mr. F. John Francis, of Salt Lake City, Utah.

Douglas T. Snarr, president of Snarr Advertising Co., of Salt Lake City, Utah.

Mr. and Mrs. Charles W. Cram, Kimball-Cram Sign Co., of Salt Lake City, Utah.

Mr. Robert Godwin, Godwin Advertising, Inc., of Provo, Utah.

Mr. Grant Wilkins, president of Mountain States Advertising, of Denver, Colo., and president of the Roadside Business Association.

Mr. J. B. Martin, comptroller and general manager of United Advertising, Inc., of Boulder, Colo.

This bill would permit one or more pilot programs for the removal of nonconforming billboards under the highway beautification program. It is the result of 18 months of discussions and meetings with Salt Lake advertising executive Douglas T. Snarr and numerous of our key highway officials.

Basically, the program calls for acquiring by contract all the nonconforming signs of a company at one time, and authorizing the owning company to dismantle and remove the signs on an agreed time schedule.

The alternative is to remove nonconforming signs on a highway beautification project which involves the condemnation of signs on a sign-by-sign basis. Research by the Utah State Department of High-

ways proves such a procedure, the second procedure, would be extremely expensive, costing up to two to three times as much money.

Under the provisions of my bill the very people who built the signs and know where they are would be the ones to go out and take them down. There would be no problem of unfamiliarity and it would permit an orderly procedure with the sign companies cooperating rather than walking away and simply abandoning their signs and leaving them to be removed by some other contractor or State employees.

The Federal Highway Beautification Act of 1965 has been ineffective, and there is danger that it will create a great amount of damage within a number of States. The Beautification Act was welcomed by the State of Utah, which is proud of its scenery and anxious to preserve it. The State believes that the law, as passed, will greatly benefit the State, and will accomplish the purposes it was designed to achieve. However, this depends upon the way the law is implemented and administered.

At present, within the State of Utah we have 17 sign companies that face bankruptcy within a year if the present Federal and State laws are enforced without providing needed financing for the beautification program. When you consider that there are only 22 sign companies in Utah, and only 4 years ago all of them were healthy, solvent businesses, employing many hundreds of employees, you will see that such a loss is catastrophic.

The irony of this situation is that the sign companies, which operate in the State of Utah, with one exception, have all cooperated with State officials, in order to establish a program agreeable to the State and the Federal Government—a program which now threatens to force them into bankruptcy.

The State is not without its needs. I will not go into detail here as to how much time, effort, and money has gone into developing the State program, that will be partially covered by another witness, Mr. Henry C. Helland, director of Utah State Department of Highways. What I do want to emphasize is the agreement which exists between the State of Utah and the Federal Government.

The Federal Beautification Act of 1965 induced States to enact their own beautification laws. One-third of the States have responded. Utah was one of the first States to pass such a law. The State relied upon the Federal law and worked to achieve standards for outdoor advertising which would not only meet the needs of the State, but also would comply with Federal law by meeting the requirements set forth by the Department of Transportation.

An agreement was signed between the Bureau of Public Roads and the State of Utah. There is no doubt that there was an intent on the part of the State and the Department of Transportation to enter into a contract. Let me rehearse what was agreed upon.

First, the parties agreed on the standards to be applied to outdoor advertising; (2) they agreed to the size and lighting of such signs; (3) they agreed to which locations would be available for outdoor signs; and (4) they agreed on what signs had to be removed because they did not conform to the standards.

Pursuant to the agreement, the Department analyzed and agreed to the Utah formula for appraising nonconforming signs and as to what compensation should be paid. The Department of Transportation

has informally agreed with the Utah plan for purchasing nonconforming signs on a per company basis. I personally received a letter from Mr. Lowell K. Bridwell, Administrator, Federal Highway Administration, agreeing to this proposal.

The State has relied upon the Federal Government's representations and has come forward with a complete program itemizing all of the costs necessary to completely remove all nonconforming signs in the State. The contract exists and would be enforceable, if it were made between private parties. However, the Federal Government has certain immunities. The Bureau of Public Roads cannot bind the Congress to make payment on a contract. But the Congress has a moral responsibility when it induces a State to obligate itself when relying on the acts of Congress.

We are aware of our responsibilities in this area. This applies to appropriation of money to pay bonus payments under the 1958 beautification law. There is a principle which is recognized by the Federal Government in dealing with the States. This is the principle of comity which governments grant to each other, not as a matter of law, but in deference to the sovereign rights of each to manage his own affairs. The Federal Government should honor its commitment.

We are in a day when there is great emphasis being laid on controlling our environment. We have highway programs, urban renewal projects, beautification projects, pollution controls, all of which require cooperation. That cooperation will be achieved only when there is trust between the Federal Government, the States, and the various business groups and social institutions within the country.

In the State of Utah we have been most fortunate during the past years to enjoy great cooperation of business and State officials. This has produced an atmosphere of trust. Businesses have opened their records for inspection and analysis. This has allowed the orderly and complete development of the State beautification program. We are building an atmosphere of trust within the State which will allow us to approach many problems in our growing fight to control our environment. That trust is in great danger of being destroyed if this program is stalled, delayed, or studied to death.

We are at a crossroads. Either we can move forward with the help of citizen groups, or we must anticipate their withdrawal from participation. I am asked each week by sign companies, "What would you do in my situation? Would you obey the law and become bankrupt, or would you do as some are doing and flaunt the law to gain an advantage?"

Since the hearings in the House of Representatives, I am informed that the Department of Transportation wishes to study again the beautification program to find out why two-thirds of the States have not signed. This study would be very worth while since beautification is not just a local issue, but I want to call to your attention that one-third of the States have already studied the problem and agreed upon what they need, and a number have obtained the ratification of the Department of Transportation to the State program.

Those States do not need further study as to what the beautification law should do within those States, they need to have their agreements implemented. How are signs to be taken down, under what procedure? How are they to be paid for, on a per sign basis which would cost two

to three times the amount of the purchase under a per company approach? Can the financing be long termed? Can the Federal Government fulfill its contractual responsibilities by allowing the States to float bonds which the Federal Government will help to liquidate? Where are the signs to be taken? What salvage can be made of them?

We need money authorized and appropriated and given to one or two pilot States to work out these details in a practical demonstration which would at the same time show the good faith of the Federal Government. The need is now while other programs are on the books and States are prepared to go forward. The need is now while the small sign companies can still salvage some of their business and before the giant companies gain an absolute monopoly.

Let us consider some of the alternatives if the Government does not start to fund the beautification program and implement it on a paced and scheduled basis:

(1) States which now have enabling legislation and agreements will be forced to restudy their programs at considerable expense. There will be financial damage to sign companies within these States. The State administrative machinery cannot sit indefinitely waiting for Federal Government action. Officials will be forced to work on other programs. The trust which now exists between the State officials and the sign companies will be irreparably damaged.

(2) A study of the beautification needs could result in a program which applies only to the scenic areas. Although some of us have advanced this method, it would find great resistance in certain States and among conservationists.

(3) Some have urged the use of police power to remove signs. This would eliminate the need to pay just compensation. The Congress has already spoken on this issue. Just compensation is required under the Federal law. States such as Utah have constitutional prohibitions against the confiscation of private property.

(4) Postponement of payment until inflationary pressures subside has been proposed. In a day when there will be increasing competition for budgetary dollars this is unrealistic. The consequences in another sense are even more significant. A one-half billion dollar industry is on its knees because its signs are no longer assets, but rather are liabilities. Banks have withdrawn their backing of these companies because they believe Federal funds will not be forthcoming. A demonstration of the Government's intent to go forward would go a long way in removing the financial pressure on such companies. But the postponement of funding for another study would confirm the sentiment that the signs will never be paid for.

(5) The law could be repealed. Such a repeal would be evidence of our unwillingness to accept one of the great challenges of our age, which is the control of our environment. Conservationist groups would oppose repeal. Members of Congress who have fought for effective sign controls would see in this a serious faltering and decay of our national resolution.

I should point out that we cannot return to 1965. The circumstances are not the same. Small sign companies have already been damaged and many have lost their momentum and ability to recover. Repeal would effectively promote a monopolistic system. We cannot be a party to creating big sign company monopolies.

(6) An alternative which has been proposed is a spreading of funds throughout the States without a concentration of money in an individual area. This would, of necessity, require the purchase of signs on a per sign basis which would cost two to three times as much as a per company approach.

We cannot hope to fund the beautification program in a single year. We must approach it from a point of view of working with it for a longer period of time. Funding one or two State pilot programs to determine the best method will give assurance that we are going forward. It will allow us to begin a paced schedule which will ultimately result in the beautification we all desire.

As the chairman well knows, this is a matter which originated in this committee. I worked on the beautification program when I was a member of the committee and we envisioned then that we could go forward with a sign removal program from our Federal highways, and we did, indeed, encourage the States to pass beautification laws, and we entered into some agreements with them.

But we have reneged because we have never appropriated funds adequate to even scratch the surface. In this last fiscal year there was some \$3 million and, under a formula spreading that amount all over the United States, there was not enough money to take care of the overhead, let alone take down any signs.

In the meantime, the State of Utah had worked out a program and wanted to begin. We came up with the idea of authorizing it on a pilot basis in one or two or three States, so we could determine whether or not we have the right formula. We think we have.

As the later witnesses will point out, if Utah goes ahead with the traditional method of appraising the signs, including evaluation and then the normal negotiation to buy (which negotiation may not be successful) it has been calculated such condemnation proceeding in court will cost the State at least double the amount for which the State can get the job done if it has company-by-company contract arrangement. Under the latter the company, proceeding on a stated schedule worked out in the contract, dismantles its signs, takes them down, disposes of them, and at the same time phases over, as it were, into whatever other business the company might have.

The way it is now, the signs stand there. They are unattended, those that are nonconforming, because who wants to spend more money on them. They become more dilapidated all the time and in the meantime those companies are frozen. They don't have work for their employees and they have no opportunity to get phased over into building signs that do conform or into some other field.

So I think that this is a very reasonable program. I have talked personally with the Secretary of Transportation, and I think he is very interested in it. He indicated to me that he thought this might well be the answer as to how we ought to proceed at this point.

Senator GRAVEL. Thank you very much, Senator.

Senator JORDAN, do you have questions?

Senator JORDAN. Senator Moss, I am sorry I didn't get here at the beginning of your testimony. I had another meeting to go to. You know how that happens around here. I will read your testimony, and I am interested in what I did hear of it and will certainly consider it very seriously. I am glad to have heard part of it.

Senator Moss. Thank you, Senator Jordan. We are just hopeful that we have reached the point that we can move ahead and begin to bite into this problem. Having taken a congressional stand and passed the law saying that we want to get these nonconforming signs removed from our highways, we now are under the gun to put up.

Senator GRAVEL. Senator Boggs.

Senator Boggs. Thank you, Mr. Chairman.

I want to commend Senator Moss for his interest in this subject. It was certainly a privilege to serve on this committee while you were a member, Senator, and your continued interest is appreciated, I know, by us all.

I want to understand this idea a little better. Has Utah entered into an agreement with the Federal Government under the existing plan?

Senator Moss. Well, there has been an agreement entered into between the sign companies and the State and the Federal Government has approved it and sent a letter saying they approved this procedure. Now, of course, the contract is dependent on the Federal contribution and in that respect the Federal Government is brought into it.

Senator Boggs. That is why the thing has fallen down, because of the lack of appropriations?

Senator Moss. That is true; yes, sir.

Senator Boggs. I am not trying to criticize it, but trying to get a perspective. Would not the proposal you make fall down for the same reason; a lack of appropriations?

Senator Moss. That is what we are, of course, trying to avoid. We want to get an authorization and then an appropriation of enough money to undertake pilot projects in two or three different States in different parts of the country to demonstrate that this system will work. Then the other States will, we hope, come in.

As I say, a third of the States have already taken some action to conform. Two-thirds have not done it yet.

Senator Boggs. Have the sign companies across the Nation or in your State indicated a preference on this?

Senator Moss. Yes. The vast majority of the sign companies are in agreement with this.

Senator Boggs. With your proposal?

Senator Moss. Yes, with this proposal. They have met in their conventions and various ways, and I think you will hear from other witnesses who are in the sign business who will tell you that.

Senator Boggs. Very good. It is an interesting proposal. If it is workable and we can get the appropriations to implement it, the proposal would be a great one to go forward with. That is the great difficulty, I think, with the present system, the appropriations.

Senator Moss. That is really the difficulty. In passing the Beautification Act we, I guess, didn't fully appreciate how much money would be involved if all of the States all at once went forward with this program. The amount of money that we were committed to was greater than we can spend.

Since that is the case and since we have had some experience with working out different systems of getting those signs out, and the State will testify about that, we think the reasonable thing is to say, "All right, State A, with your estimated amount of money, including the

Federal contribution, get all your signs out." And we will see how it works. We will do that in two or three locations.

If it is as effective as we think it is, then we can have a regular graduated pattern and the next time we might take five or six States and have enough funds to do them until we finally get this Beautification Act implemented on our highways.

Senator BOGGS. That is good. I have one other question. It may be more appropriately directed to some other witness, but you want to comment on it.

If you buy A company out under your plan, would they be out of business? Do they sign an agreement never to go back into the business again?

Senator MOSS. No, it isn't quite buying the company out.

Senator BOGGS. I see.

Senator MOSS. What the State does is have the company in for a conference. It says, "You have *x* number of signs that are nonconforming." Presumably they will have some other signs that do conform. "Therefore, we will enter into a contract with you to proceed on this basis, this time schedule, to take those signs down, and we will pay you on this time schedule."

The company then goes ahead dismantling and taking down the signs which did not conform, which permits it to continue to function, to employ its people, and at the same time it services its conforming signs in other areas. It may even be building some in places that are proper for signs to be built.

So in that sense we will preserve many of our small independent sign companies that, as I say, are just on the verge of bankruptcy now because this thing has thrown a freeze on everything because the law is on the books and yet they have no way to proceed. They can't sell off their signs. Half of them, or whatever the number is, are frozen in this category. It is really choking out the small independent sign companies who are in a legitimate business and have a right to exist so long as they conform with the law.

Senator BOGGS. Thank you, Senator.

Thank you, Mr. Chairman.

Senator GRAVEL. Senator Packwood.

Senator PACKWOOD. Obviously, Senator, you have a background in this, and I don't. Can you fill me in on how this program was intended to work? What did the Federal Government promise initially?

Senator MOSS. The basic outline of the law was that along the interstate highway system and on some other Federal systems that highway signs would not be permitted within a given distance of the right-of-way and that the Federal Government would enter into an agreement with the States if the States would pass what amounted to a zoning ordinance and make those signs nonconforming and force their removal.

The Federal Government having induced the States to do that, the States that have moved look to the Federal Government and say, "All right. Where is your share?"

There is a second part to it as to how you go about it, whether you do a very expensive way of condemnation or another way of agreement that the sign companies support, as I say, 90 percent of them.

Senator PACKWOOD. These laws that the States were to pass did not have much latitude in them. The Federal Government set down

the standards and, if the States wanted to pass the laws, they could, and, if not, they wouldn't. What was the penalty if they didn't?

Senator Moss. They would receive no Federal supplemental contribution and a State, I suppose, could refuse to pass such a law. But, as I say, and I haven't reviewed the law in detail, a third of the States have already moved under this offer and have beautification laws.

Senator PACKWOOD. And they have not received their supplemental contribution?

Senator Moss. No; they have not.

Senator PACKWOOD. Let me ask you this. At the moment Utah and the sign companies have entered into contracts to buy up these on a company-by-company basis which you are permitted to do under the existing law, if it has been approved. The only thing then that is lacking is funding?

Senator Moss. Yes. The contract, however, as it is drawn, does have a contingency clause in it that the State is not obligated financially until it can get its Federal contribution because the State doesn't have that much in resources. So that the contract is in existence with a contingency in it.

What we are really saying now is that, if the Federal Government would come forward with its share, then Utah would be delighted to be one of the pilot States.

The bill doesn't say Utah has to be one of the pilot States, but we say Utah is ready. They have everything in writing, an agreement made, and are ready to go if the Federal Government will put in their share.

Senator BOGGS. Will the gentleman yield at that point?

Senator PACKWOOD. I yield.

Senator BOGGS. If I understood the question correctly, you asked if the agreement with Utah is made under the existing law, which permits the company-to-company basis. As I understand it, the Senator answered "Yes." Then you would need no change in the law? All we need is an appropriation; correct?

Senator Moss. One of the problems is our formula of distribution. When moneys are appropriated, as you know, for highways or signs or anything else, there is a formula so that they are distributed among the States in various ways. This would be a variation of the formula if you could pick out pilot States.

Senator BOGGS. I see. So you would need a change in the authorization to pick out some pilot States.

Senator Moss. Yes; I think so.

Senator BOGGS. Thank you.

Senator PACKWOOD. The only thing that prevents Utah from going ahead on their own is a lack of their own money?

Senator Moss. That is right.

Senator PACKWOOD. I have no further questions.

Senator Moss. This is the reason I threw in one comment that perhaps a variation might be this permission to float bonds with the Federal Government obligating itself to be there on the payback as the bonds become due.

Senator PACKWOOD. If I can summarize, Frank, what you have is a bunch of advertising companies in limbo with some assets that are worthless. They can't sell them. They are nonconforming. They are stuck and the Federal Government or nobody else is going to pay them.

Senator MOSS. As I said, we have 17 that are just on the verge of bankruptcy because they have been placed in this situation with the law.

Senator GRAVEL. Does the Government pay for an equity interest in the sign based upon appraisal, or does the Government just pay them to go and dismantle the sign?

Senator MOSS. The way the contract is worked out is that the State government in examining the books and records that the sign company possesses makes a determination of the value that remains in that sign, the materials, the rental, and so on, and says, "Well, the amount now that would get the sign company out of there to pay them the reasonable fair value is x dollars." And then adding them all up they say, "The whole bit comes to this amount of money." The sign company isn't entitled to any profit or doesn't make anything from it. They simply have a value that they have invested in that sign, and they get that out as they remove it.

Senator GRAVEL. I agree very strongly with the moral concepts involved in considering what is happening to the business. Has any thought been given to the tax methods so that you could get the money into the hands of the individuals in a more indirect fashion but having the same impact upon the equity interests that the people have in the business?

Senator MOSS. Well, it has been discussed a little, but it is so complex that we thought that it would be too difficult to work out a sort of tax forgiveness system. It is possible, of course, that some of these sign companies might not survive anyway; but they at least can get out their investment and have a phaseout period.

An ongoing sign company with some kind of tax forgiveness might be able to finance itself out.

Senator GRAVEL. Has there been any thought to the possibility of planning for some economic development program? You have a negative effect where through Government action you are driving people out, and of course we spend so much money to try to create jobs for people. Might there not be some approach whereby the money is tied to something and create a positive rationale rather than a negative rationale and thereby probably have a greater demand or call upon the resources of the Federal Government than it presently enjoys?

Senator MOSS. Well, of course, there is more appeal to some legislators if a proposal is related to creating or maintaining jobs. We haven't devised any way to tie this to any such programs yet, but we can demonstrate, and I am sure that the succeeding witnesses will demonstrate, that this does mean the maintenance of a great number of jobs.

Senator GRAVEL. But, over the long pull, aren't we really structuring this whole area so that these jobs will eventually be eradicated? I wonder if we are really accomplishing a goal by, let's say, providing the industry with capital to move from residential areas, so to speak, or highway areas into accelerating their businesses or expanding their businesses in commercial areas.

I would think that maybe some day we will come to a point of recognition that we are as concerned with the beautification of our commercial areas and industrial areas as we are with the other areas.

Senator MOSS. That may be true looking down the road, but at the

present time with the zoning that the States have, there are places where it is perfectly legitimate and thought acceptable to have signs, and sign companies will continue to build signs there and, of course, this is a competitive business.

If the signs aren't really selling the goods they probably don't make the grade in business. So this thing will finally regulate itself in the economic sense. It well may be we won't save every one of those sign companies that are on the edge now, but without moving, we doom every one of them.

Senator GRAVEL. I think that is a wrong in itself. These people should not suffer. I would hope that maybe we could restructure it so that the flight of capital which will take place in a very cruel way can be done in an orderly way without an impact not only to the individual companies but to the State and the communities involved because they also suffer, and we will have to pick up the tab in another area of Government activity if we don't pick it up here.

I commend you because I think this approach is much more moral in our society.

Could I ask you this question. Maybe another person might have the figures. What would we be talking about in the State of Utah in probable dollar amount to do the total job?

Senator MOSS. I am not sure that I have that at hand. I know it will be testified by other expert witnesses that are coming on.

Senator GRAVEL. Senator, I want to thank you and certainly we appreciate your interest in this area.

Senator MOSS. Thank you, Mr. Chairman.

Senator GRAVEL. Mr. Helland.

STATEMENT OF HENRY C. HELLAND, DIRECTOR, UTAH STATE DEPARTMENT OF HIGHWAYS

Mr. HELLAND. Thank you.

Hon. Chairman and members of this distinguished committee, my name is Henry C. Helland. I am the director of the Utah State Department of Highways. I appear before you today on behalf of the Governor's office, the State Road Commission of Utah, the attorney general's office, and the department of highways.

Beautification has a problem—a big problem—which is getting bigger and bigger every day. The beautification problem has serious and deadly consequences.

For example, in Utah there are 22 outdoor advertising companies which have signs along our highways. These companies are legitimate businesses with a history of over 50 years. We have estimated that 17 of these advertising companies will be completely eliminated because nearly all of their signs are made nonconforming under the Highway Beautification Act.

Every outdoor advertising sign in Utah has been inventoried and classified as "conforming" or "nonconforming" under both the Federal and State Highway Beautification Acts. In accordance with the Utah compliance law, a complete licensing and permit system has been established. We are administering this system with some success.

Among many things, my job as the director entails administering

the highway beautification program, which is effectively strangling and will eventually cause the demise of 17 Utah sign companies.

It can be interpreted that the administration of the beautification program is bringing beauty and loveliness to our highways. We agree with that interpretation and support the program. In general, Utah citizens want beautification. Utah is a scenic state. Its magnificence is opened through 6,000 miles of major highways. Our inventory shows that approximately 10,000 nonconforming signs border these highways. To the sign company owner, these signs represent manna from heaven. Conversely, to the lover of nature, they are an ugly blight.

The sign industry in Utah has been irreparably damaged. The whole involvement of highway beautification as it currently stands is an incongruity. For example, our Governor is dedicated to building industry and business in Utah. Our legislature works endlessly to foster growth and job opportunity. Our attorney general's office strives to protect the inalienable rights of all our citizens; and this includes the little businessman who owns a sign company with signs along our highways, sustains himself and his employees, and pays his share of the tax burden.

Senator Boggs. Mr. Helland, if you will permit me to interrupt, would you give your idea of this size of a small sign company? How small or how large does that go?

Mr. HELLAND. Well, a small company would be one with probably in the vicinity of a million dollars' inventory in signs, whereas the larger sign companies, of which National Advertising is a prime example, have boards in practically all the States and are a multimillion-dollar industry.

I would say that most of the sign companies in the State of Utah are organizations that have maybe 25 or less people working for them.

Senator Boggs. Thank you.

Mr. HELLAND. After the passage in 1965 of the Beautification Act, the State of Utah went to work and, with the cooperation of the sign industry in the State, we went into the 1967 legislature and passed a compliance law.

That was a cooperative venture. Our approach to highway beautification in Utah has been to consider the needs, the problems, and the ideas of the conservationists as well as the sign industry. Conservationists and the sign industry were invited to participate with us in the formulation of the Utah Compliance Act. There was give and take. Together, we hammered out a good law. The legislature passed the law, effective May 9, 1967. Again, when the agreement between the Governor and the Secretary of Transportation was being formulated, the sign industry was invited to help us. We appreciated their feedback. On January 18, 1968, the agreement was consummated.

Senator Boggs. Let me interrupt again, please. Did the State of Utah pass its law before entering into an agreement with the Federal Government?

Mr. HELLAND. Yes.

Senator Boggs. Some of the States have entered into an agreement first, and then have tried to get their law passed; is that correct?

Mr. HELLAND. This is right, but there was no way that the State

of Utah could enter into an agreement until a law was passed because we didn't know what the provisions would be.

Senator BOGGS. That makes sense to me. But how do they enter into agreements before they pass a law? They pass a law in accordance with the agreement, I guess.

Mr. HELLAND. Well, in order to protect the State of Utah, before we had our law we had the road commission adopt the provisions of the Federal law and of course we were in deep trouble on that because there was no State law to back it up. So after we got this through the legislature, then we entered into agreement with the Secretary of Transportation in accordance with the two acts.

Senator BOGGS. Very good. Thank you.

Mr. HELLAND. My office has always been open to the sign companies and to the conservationists. We have a healthy relationship because we work together and we have cultivated a deep understanding of each other's problems and positions.

Many individual sign painters and sign contractors who paint, build, and maintain signs for advertisers will experience a substantial decrease in income because of the Highway Beautification Act. These advertisers own their own signs and contract the work. The contractors and sign painters maintain approximately 6,500 signs in Utah. These 6,500 signs are in addition to the 3,500 signs owned by sign companies as shown by Utah's 1967 sign inventory.

Senator BOGGS. May I interrupt as you come to these points?

Mr. HELLAND. Yes, I would appreciate it.

Senator BOGGS. There are 10,000 nonconforming signs which would be proportionately removed, approximately 2,000 signs a year. Do you have any idea right at that point how that compared with the number of conforming signs?

Mr. HELLAND. Well, I would say that approximately half of the signs at least in Utah are conforming; they are in industrial and commercial zones, in cities and also in rural areas that are commercial or industrial through use.

Senator BOGGS. I see. Thank you.

Mr. HELLAND. The paramount question is: How do we reconcile "beauty" at the expense of destroying 17 taxproducing sign companies in Utah, as well as precluding from approximately 1,000 advertisers their right to use their existing 6,500 signs? Some might argue that this is not important, but our attitude in Utah is that it is important. Our policy is reconcile we must and reconcile we will.

We have found the answer. But in order to implement the solution to the aforementioned problems, we need the help of this committee and the help of Congress.

The answer, surprisingly enough, did not come from us in the State government, but rather from the initiative and industry of one sign company operator, Mr. Douglas T. Snarr, president of Snarr Advertising, Inc., in Salt Lake City, Utah, and I would like to commend Mr. Snarr for his attitude.

From the beginning, Mr. Snarr's attitude has been to accept the reality that beautification is law. He has adjusted himself and his company to conform to the law, and since the passage of the Federal act he has not installed one sign in the State of Utah and this has not been true of some of the larger sign companies. We respected that.

However, Mr. Snarr has gone further. He has delved into how we can make beautification a great law.

On April 13, 1967, Mr. Snarr testified before this committee and said, "My comments will consider a basic plan of Industry-Government cooperation." Following his testimony, the local newspapers enthusiastically backed him and the "Snarr Plan." We were very impressed because:

1. Mr. Snarr spoke not only for himself but for the major segment of the advertising industry in Utah. The Utah sign companies had given him a resolution supporting the "Snarr Plan."

2. Mr. Snarr claimed that his plan would save millions of tax dollars within Utah and hundreds of millions of tax dollars throughout the nation because the plan is based on sound management principles. We considered this a challenge, and the burden of proof fell upon us. We believe from our study that the "Snarr Proposal" can and will save millions of dollars for Utah if the plan is initiated by Congress.

3. Mr. Snarr's plan honors the law and is structured so that it does not involve any change in the Federal statute, the State statute, or the agreement between the Governor of Utah and the Secretary of Transportation.

In concept, the "Snarr Plan" embodies the program of the Government's buying and the sign company's selling all of its non-conforming signs within a State on a per-company, single, negotiated contract basis as contrasted to the Government's buying and the sign company's selling all of its non-conforming signs one at a time on a beautification project basis.

The objective of the Snarr Plan is to gain greater efficiency and purchasing power from the tax dollar.

The method of the Snarr Plan is as follows:

1. The State appraises all non-conforming signs of a willing sign company within the boundaries of that State in accordance with established appraisal procedures and guidelines set forth and approved by the Bureau of Public Roads.

2. A contract is consummated in which the State agrees to purchase and the sign company agrees to sell all its non-conforming signs within the State.

3. The contract contains two schedules. The first schedule lists all of the company's non-conforming signs and an agreed-upon total award for each sign. The second schedule is a takedown schedule wherein the sign company determines the takedown date for each non-conforming sign on a quarterly basis. You must understand this takedown schedule would not prohibit the removal of any signs in a construction project, as the construction project takes precedence over the takedown schedule.

We in Utah prefer and recommend that the sign company determines the takedown date for its non-conforming signs because this fulfills a basic need unique to the sign industry. It protects the company's accounts receivable by correlating the takedown date with the termination date of the advertising contract.

The standardized poster plan operator fulfills his need of protecting his markets and correlating the takedown of nonconforming signs on a market-to-market basis.

In Utah we would recommend that the final sign removed be limited and not to exceed 60 months. The 10,000 nonconforming signs would be proportionately removed approximately 2,000 signs a year.

4. We would enlist the services and cooperation of the sign company to remove its own nonconforming signs with the use of its own equipment and manpower. The signs would be dismantled and delivered to a location designated within the highway district. We have a written agreement from one major sign company to do this at its own expense. We have oral agreements from most of the other sign companies, and we are endeavoring to obtain agreements from the remaining sign companies.

This solves a problem for the State because the General Counsel for the Utah State Department of Highways has ruled we have no right to enter upon private property to remove the nonconforming signs without permission or a court order. This also removes arbitrariness, discrimination, or personal prejudices as to which company will be dealt with first and the months in which the signs will be removed.

The advantages of the Snarr plan to the sign company:

1. It takes several years for a sign company to recover its initial cost of bringing a billboard into existence and to realize a profit. The Utah Highway Beautification Act stipulates that nonconforming signs must come down on December 31, 1972, and, thereby, directly limits the useful life of all existing nonconforming signs. In most instances this remaining advertising life (which grows shorter every month) is insufficient to allow a company to properly amortize the cost of the highway sign.

As a result, as current advertising contracts on nonconforming signs expire, the sign company cannot afford to renew or resell them at current rates because there are not sufficient advertising months left to properly amortize the cost of constructing or reconstructing a new sign face. If the advertising rate is raised to a level which will allow a sign company to recover its costs in the remaining advertising time, the rate becomes so high that advertisers refuse to buy. Thus, although the Highway Beautification Act allows the outdoor sign company custody of its nonconforming sign until December 31, 1972, it has had the practical effect of making the sign useless to the company because it cannot sell advertising on it in the existing market. The sign becomes a liability rather than an asset to the company.

It is, therefore, an important advantage for the sign company to enter into a percompany purchase agreement and to sell its signs prior to 1972. The fastest way to perpetrate ugliness is to cripple and destroy the sign companies so that they no longer can maintain their signs before actual taking. The result is a network of highways cluttered with disjointed boards; peeling paint; faded signs; and, in general, a blight of the worst dimension. This problem is imminent in Utah.

Admittedly, the small sign companies fall prey to the large sign companies which have sufficient financial resources to weather the storm. May I remind this committee that as time marches on, the large sign companies will be able to purchase the small sign companies on their own terms.

2. The Snarr plan allows the small sign company sufficient funds to start diversifying immediately so that it might adjust to the change brought about by the Highway Beautification Act.

3. Those companies which abide by and conform to the law are not penalized but are properly compensated.

4. The little sign company operator is not discriminated against in favor of the advertising giant. The advertising giant is not discriminated against in favor of the small sign company operator.

The advantages the Snarr plan gives the State are primarily financial, resulting in substantial savings in manpower and dollars. We determined this from a study completed by our Highway Department on July 26, 1968. A further analysis confirming our initial findings was completed October 4, 1968. We used one representative outdoor advertising company as a sampling of the industry in Utah, and we are presently expanding the study to include all the sign companies within the State.

From data gathered thus far, it is evident that to purchase nonconforming signs on the sign-by-sign beautification project basis would cost the taxpayers twice as much as to purchase the nonconforming signs on a per-company basis.

For example:

1. Our studies estimate that if we purchase nonconforming signs on a sign-by-sign project basis, it would be necessary to hire approximately 27 additional appraisers along with associated equipment, secretarial help, and office space. A sign-by-sign approach would easily require 200,000 extra manhours for appraisal, review, negotiating, and contracting. On the other hand a percompany approach for the purchase of nonconforming signs would not require the addition of any personnel but could be accomplished with essentially the existing highway department staff. In short, we eliminate redtape and duplication of effort and promote efficiency and simplicity.

2. It is estimated that if the State of Utah acquires nonconforming signs by condemnation, the litigation costs to the State would be astronomical. The adoption of the Snarr plan totally eliminates all litigation costs.

3. If the State of Utah acquires a sign structure by condemnation, we must incur the cost of dismantling and removing that structure. Under the Snarr plan, Snarr advertising and most of the advertising companies will remove their own signs at their own cost and expense.

4. During the past 5 years, construction costs have increased from 10 to 30 percent; and interest rates have skyrocketed from 6 percent prime to as high as 10 to 12 percent. Under existing regulations, a sign-by-sign acquisition approach commencing in 1972 and subsequent years results in the State's being required to appraise and value signs using the reproduction cost new at time of taking factor prevailing in those years.

In view of the present spiral of inflation of construction costs, it would be very costly to the State to defer the acquisition of signs to 1972 and thereafter. Therefore, a paramount advantage of the "Snarr per-company purchase approach" is that because of a contract between the State and the sign company, that contract fixes the value of the entire nonconforming sign inventory of a company at current 1969 reproduction cost values.

5. The Snarr plan permits us to inventory and determine the price of every nonconforming sign within the State, to determine the date of takedown, and to properly budget the State's matching funds so

that we can foster consistency and continuity from the beginning to the end of the entire program. In other words, the sign companies know where they stand, the Bureau of Public Roads knows where it stands, and the State knows where it stands. To us, this is good management and good government.

During May 1967, Mr. Snarr visited me and asked if it would be possible for the highway department to make a study and determination of the feasibility of his plan for removal of nonconforming signs. Also, he asked us to take a stand either for or against the Snarr plan at the conclusion of our study.

This we have done. To us, this was a proper request. Secondly, he asked us to help settle the question: "What is just compensation for a highway sign?" Frankly, I was as curious as Mr. Snarr.

Furthermore, because of the Compliance Act, the Utah State Department of Highways had reached the point that as road construction projects were continually eliminating signs along the edges of the highways, the traditional practice of paying the sign company for relocating its highway advertising signs was no longer legal after May 9, 1967, the date Utah's Compliance Act became effective.

We recognized the property right of the sign company owner and determined that just compensation was to be paid for all signs taken by the State. It was mutually advantageous to determine just compensation. After much study, investigation, and deliberation into the reproduction costs of building signs, the Right-of-Way Division developed a formula which has become known as the Utah Formula, not only in Utah but in many States. Using the Utah Formula, we have purchased over 200 signs of all types, sizes, and categories from every one of the 22 sign companies without a single lawsuit.

The Bureau of Public Roads in its auditing program checks all of the expenditures, justifications, and documentation within the individual States; and the data used to develop the Utah Formula have been thoroughly gone over by the Bureau of Public Roads.

The Utah State Department of Highways has made an investigation within the last month; and all the sign companies contacted doing business in the State of Utah indicated they are willing to consider negotiations for compensation and removal of their nonconforming signs on a scheduled, single-contract, per-company basis. Twenty small sign companies are eager to proceed with immediate negotiations on this basis for implementation of the act. Two large national sign companies stated their preference is to continue operating as at present or with some modification of the act; but they stressed that if and when the act is implemented under its present terms, they would prefer to negotiate on a single-contract, per-company basis.

By way of comparison, during 1966, we inventoried our nonconforming signs. We concluded from that original inventory that it would cost \$12 million to remove nonconforming signs in Utah. The information incidental to arriving at the \$12 million figure was forwarded to the Bureau of Public Roads through its regional office and was made part of the Secretary of Commerce's report on the cost of implementing the Highway Beautification Act of 1965.

Using the Snarr plan, we believe that all nonconforming signs within Utah can be removed for approximately \$10 million. This

includes severance damages as required by our Compliance Act, payment to property owners, and overhead expenses directly attributable to the removal of nonconforming signs.

Out of this \$10 million we estimate that a total of \$6 million will be paid to the sign companies for their nonconforming signs. Evidence gathered thus far indicates that the cost to the taxpayer to purchase nonconforming signs in Utah through sign-by-sign projects would cost approximately \$20 million—or 2 to 1.

We believe this committee should help to clarify which nonconforming signs are eligible for matching funds. We have been informed by the Bureau of Public Roads that it would not participate in the award of just compensation for nonconforming signs built after October 22, 1965. We feel this is arbitrary and certainly unrealistic. How could the sign companies be regulated and prohibited from building nonconforming signs without a state compliance law and without an agreement?

Certainly the State should not be penalized for not having its State legislature in session October 23, 1965, whereby a compliance law could be passed the very next day following the passage of the Federal statute. In Utah, we passed our law at the next session of the legislature, and that law became effective May 9, 1967. We believe the Bureau of Public Roads should pay its share of just compensation for those signs built in Utah after October 22, 1965, and before May 9, 1967.

I also think this committee should clarify severance damages. The facts surrounding severance damages as far as we can determine are:

1. The Utah Compliance Act contains a provision for severance damages.

2. The legislature provided for severance damages after a recommendation had been given by the Attorney General's Office.

3. The Attorney General reasoned that the Bureau of Public Roads has historically participated in its share of compensable matching funds on highway construction in the State of Utah when property was purchased and damages resulted to the remaining piece of property. Therefore, the Attorney General concluded that the best answer was to include severance damages in the Compliance Act, since the courts have historically allowed this as an item of damages in the State and since it is presently a part of the statutory law of the State of Utah.

4. Notwithstanding the legal justification, our legislators and our highway department officials believe it only morally right. Let me explain.

Godwin Advertising Co., a standardized poster plant, is headquartered in Provo, Utah. A poster operation sells market coverage based upon a 100-percent showing, which, in theory, exposes everyone in a given market to the advertisement everyday.

For example, Mr. Goodwin has 25 poster panels in Richfield, Utah. Twenty-five represent a complete advertising unit for that market. Six of Mr. Godwin's signs are conforming and 19 are nonconforming. The six conforming signs are located at the same end of the town. Furthermore, six signs are not sufficient to provide a complete outdoor advertising unit in Richfield. This coupled with the fact that Richfield is over 100 miles from the company headquarters, the company cannot

economically service six signs and provide advertising coverage according to the standards of the industry. Godwin Advertising has been damaged: The remaining six signs are no longer as valuable * * * like the orchard farm with two-thirds of its trees taken.

5. In studying Senator Howard H. Baker's dialog with Mr. Lowell K. Bridwell, the former Federal Highway Administrator, during the Senatorial hearings of July 1967, we believe there is a contradiction. It is our interpretation that the dialog from those hearings did not preclude the Bureau's participating in severance damages. However, we have subsequently been informed that the Bureau will not participate in severance damages.

6. We estimate that severance damages in Utah for the purchase of all Utah nonconforming signs will be approximately \$900,000.

By appropriating sufficient money during this session of Congress to use Utah as a willing State to implement beautification, we would serve the best interests of the conservationists, the taxpayers, the sign company owners, the advertisers who own signs, and the State and Federal agencies responsible for implementing the Highway Beautification Act.

I am greatly concerned and deeply disturbed about the developments that are taking place since the Highway Beautification Act was passed because the act has not been properly funded. It is my considered judgment that any further delay in funding the beautification program will create a few monstrous sign company monopolies at the expense of many small sign companies as well as at the expense of the rest of the Nation.

We are aware that the big sign companies do not feel the pressures nor do they have the immediate, critical financial problems of the small sign companies caused by beautification. We in State government feel tremendous pressures to bring order, uniformity, and good management to beautification.

We are also aware that some big sign companies do not favor the current 1965 Federal statute and our 1967 State Compliance Act. They have vigorously advocated a highway beautification law based upon designating certain sections of highways within the State as "scenic." Once this determination has been made, the signs along those scenic stretches would be made nonconforming under a new beautification law.

In 1967, when our State statute was passed, consideration was given to the scenic route approach. Lobbying most effectively in our State, a large national sign company brought this approach to our attention. It was the consensus of the State legislature, the members of the Utah State Department of Highways, and the sign industry that all of Utah is a scenic State—the farmlands and ranchlands, the desert, the mountains, and the salt flats. Each has its own individual beauty.

To the farmer, what is more beautiful than the ripening grain waving in the summer breeze? To the rancher, what is more beautiful than the spacious land and cattle grazing thereon? To all, what is more beautiful than the mystery of the desert, the majesty of the mountains, and the salt flats shimmering with myriads of mirages? To me, all of Utah is beautiful. Each segment of Utah's natural beauty must be enjoyed on its own individual merit.

Our current statute provides for the erection of outdoor advertising signs in commercially and industrially zoned areas and unzoned com-

mercial and industrial areas as provided in the Compliance Act and agreement. However, the provision for the unzoned commercial and industrial areas states that the opposite side of the highway is subject to a "scenic" determination by the State Road Commission of Utah.

We are also aware that the Highway Beautification Act has thrust upon our citizens the need for change because it has altered the status quo. We, in most part, have adjusted positively to the new environment resulting from our new Interstate System and the bright prospects of the splendor of uncluttered rural travel across Utah. We like the highway beautification program as clearly spelled out by our 1967 Compliance Act and the agreement that our Governor signed with the Secretary of Transportation.

Regarding the funding of the Highway Beautification Act, we believe there is a high priority. In Utah the transcendent priority is the serious financial problem our sign companies face because of the Highway Beautification Act. We would prefer that funds for beautification be spent in the removal of nonconforming signs to alleviate the terrible plight in which we have placed the sign industry to beautify our highways.

We recognize there is a problem of blight caused by the many junkyards along our highways. However, to my knowledge, the Highway Beautification Act has not jeopardized the financial position of one of our junkyards or the livelihood of those employed at the junkyards.

We feel very strongly that we should first solve the intolerable economic condition the Highway Beautification Act has created for the sign industry before we spend funds to plant trees and shrubberies along our highways except in construction projects where natural cover has been disturbed.

It must be understood that when funds are programed for scenic enhancement projects, the State is then saddled with the full maintenance responsibility just as soon as the projects are completed. Because of the shortage of tax dollars—both on the Federal and State levels—we urge the programing of funds for sign removal before funds are appropriated for scenic enhancement projects other than for the replacement of foliage because the real problem of beautification lies in the removal of nonconforming signs.

We are always concerned about the continual employment of qualified personnel within the State department of highways. We have analyzed the situation and are convinced that our qualified landscape architects and landscape engineers currently employed would not be affected by the allocation of highway beautification funds for the purchase of nonconforming signs in place of the building of new scenic landscape projects other than rest areas.

There is enough work to keep our landscape architects and engineers busy through construction projects on the Interstate System and other highway systems. We feel that the State would be better off to adequately compensate the sign companies now affected by the Highway Beautification Act by enabling them to convert their nonconforming signs into cash so that they will be able to continue operating as productive businesses by diversifying into other lines of endeavor.

I am sure that you agree with me that unless positive action is taken during this session of Congress that highway beautification will be in serious jeopardy in the States which, in good faith, have enacted highway beautification laws and have entered into agreements with the

Secretary of Transportation. I am sure the State of Utah will not allow the law to remain on the books without proper funding to the detriment of the small sign companies, which we consider to be valuable contributors to our State.

In Utah, we have acted in good faith, we have researched the problem, we have identified the problem, we have the solution to the problem, and we have worked with the sign companies and have gained their support. In short, every requirement under the State statute and the agreement between the Governor of Utah and the Secretary of Transportation has been met. Now, the next step is up to you.

Thank you.

Senator Boggs (presiding). Thank you. I wish to commend you on your fine statement.

Senator Packwood?

Senator PACKWOOD. No questions.

Senator Boggs. Again let me say that we are pleased to have your testimony; you have covered it well. It was very, very helpful.

Mr. HELLAND. Thank you.

Senator Boggs. The next witness is Dr. Wimmer. He is accompanied by Mr. Francis from Brigham Young University. We are very happy to have you both.

STATEMENT OF DR. LARRY WIMMER, ASSOCIATE PROFESSOR OF ECONOMICS, BRIGHAM YOUNG UNIVERSITY; ACCOMPANIED BY F. JOHN FRANCIS, BRIGHAM YOUNG UNIVERSITY

Dr. WIMMER. My name is Larry T. Wimmer and I appear before you as an independent observer of the impact on outdoor advertising companies of the Federal Highway Beautification Act and various State legislation. I wish to stress that my interest is strictly academic. I do not represent any particular firm in the industry or combination of firms or any State government. The study I have conducted has been funded wholly by research money provided by Brigham Young University and it has been my desire to make the study as objective as possible.

I first became interested in this problem through a colleague of mine, Dr. Merrill J. Bateman. Much of the initial research was completed by him. For that reason, I regret that he could not be here today.

My purpose in appearing before you is to report the results of our study of the impact of legislation on the outdoor advertising industry in the Intermountain West. The data we have gathered suggest that the impact of the acts has largely depended upon firm size. The largest national firms apparently have benefited from the acts. Their growth, however, has come at the expense of the rest of the industry and the result of the manner in which the acts have been enforced. Intermediate sized regional firms have suffered a severe decline and small local firms have in most cases been driven from the outdoor advertising business. Hence, we have concluded that the economic impact of the acts has been a breakdown in the competitive nature of this industry—a breakdown brought about through the severe monetary damage imposed upon a large number of regional and local companies.

With the above conclusions in mind, I now turn to the evidence of our study of this industry in the Intermountain West.

Outdoor advertising—The Intermountain West

This report is based on a survey of the 20 outdoor advertising firms which operate in Utah; however, the information gathered covers the entire operations of the firms involved. For this reason, the information in this study represents the bulk of outdoor advertising in the intermountain area. Of the 20 sign companies involved, two are national companies; that is, they operate in a number of States throughout the Nation; 10 are regional companies, that is, these companies operate in a geographical area largely confined to the Intermountain States; and eight companies are small local firms which operate only in Utah.

The information gathered covers the 1960-69 period. For the most part the information represents the activities of the regional and local sign companies since the two national companies refused to provide any information.

Tables 1 and 2 present information for the regional companies. The first table excludes the companies which deal mostly in poster panels. In other words, the first table relates mainly to paint operations. The second table combines the poster panel and paint companies. The information in tables 3 and 4 present annual rates of change for the information presented in tables 1 and 2.

I now wish to highlight the information in these tables. Between 1960 and 1965 the regional sign companies in the Intermountain West experienced rapid growth. The total number of sign locations increased from approximately 2,700 to 5,000. This represents an average annual increase of 12.5 percent. At the same time the vacancy rate increased by only 1 percent. Equally as significant, total customer billings tripled during this period and the number of employees doubled.

(The tables referred to follow:)

TABLE 1.—ECONOMIC DATA FOR LARGE INTERMOUNTAIN SIGN COMPANIES (EXCLUDING POSTER SIGNS), 1960-69

	Total number of sign locations	Vacancy rate (percent)	Total number of active signs	Total customer billings	Total employees	Average revenue per sign
Year:						
1960.....	2,764	1.0	2,736	473,133	71	\$173
1965.....	4,995	2.0	4,895	1,434,026	140	293
1967.....	4,616	12.0	4,062	1,285,896	60	317
1969.....	4,484	23.75	3,419	1,305,600	45	382

TABLE 2.—ECONOMIC DATA FOR LARGE INTERMOUNTAIN SIGN COMPANIES (INCLUDING POSTER SIGNS), 1960-69

	Total number of sign locations	Vacancy rate (percent)	Total number of active signs	Total customer billings	Total employees	Average revenue per sign
Year:						
1960.....	3,319	9.5	3,004	630,133	86	\$210
1965.....	5,803	7.9	5,345	1,711,026	155	320
1967.....	5,384	15.0	4,576	1,492,896	72	326
1969.....	5,177	26.6	3,800	1,481,600	55	390

TABLE 3.—ANNUAL AVERAGE RATE OF CHANGE IN ECONOMIC INDICATORS FOR LARGE INTERMOUNTAIN SIGN COMPANIES (EXCLUDING POSTER SIGNS) 1960-69

[In percent]

	Total number of sign locations	Vacancy rate	Total number of active signs	Total customer billings	Total employees	Average revenue per sign
Year:						
1960-65.....	12.5	15.0	12.2	24.6	14.6	11.1
1965-67.....	-3.7	145.0	-8.2	-5.0	-25.3	4.0
1967-69.....	-1.4	40.7	-7.6	.7	-11.8	9.8

TABLE 4.—ANNUAL AVERAGE RATE OF CHANGE IN ECONOMIC INDICATORS FOR LARGE INTERMOUNTAIN SIGN COMPANIES (INCLUDING POSTER SIGNS) 1960-69

[In percent]

	Total number of sign locations	Vacancy rate	Total number of active signs	Total customer billings	Total employees	Average revenue per sign
Year:						
1960-65.....	11.8	-3.2	12.1	22.0	12.4	8.6
1965-67.....	-3.5	37.8	-7.0	-6.2	-23.9	.9
1967-69.....	-1.9	33.2	-8.2	-.3	-11.2	9.4

Dr. WIMMER. The year 1965 represents a turning point in the economic activity of the firms under study. For the first time since World War II the number of sign locations begins to decrease and the vacancy rate increases rapidly. In contrast to the 12.5-percent annual increase in sign locations between 1960 and 1965, sign locations decreased at an average annual rate of 3.7 percent between 1965-67 and 1.4 percent in the 1967-69 period. The vacancy rate for the sign companies which specialize in painted signs increased from 2 percent in 1965 to 12 percent in 1967. By 1969 the vacancy rate had reached 24 percent.

On the other hand, customer billings experienced a 5-percent decline annually between 1965 and 1967 and increased slightly between 1967 and 1969. These figures, however, stand in stark contrast to the 25-percent annual rate of growth prior to 1965. A glance at the "total employee" column for the industry reflects the same pattern. Prior to 1965 the number of employees in this industry grew at a 15-percent annual rate. Since 1965 layoffs have affected more than 50 percent of the people employed by these firms.

The information in tables 2 and 4 follows the same pattern described above. The major reason for separating the data is that poster panel companies experience a much higher vacancy rate because their leases extend for much shorter periods of time.

Although more information is needed in order to calculate the break-even point for these particular firms, it is obvious that their pattern of growth has been reversed and they are largely housekeeping operations.

As we went from firm to firm gathering information, the economic state of affairs for each firm was apparent. One owner told us that 4 years ago he had a plant with 24,000 square feet of floorspace which he believed was the finest sign-making plant west of Chicago. Today the plant is gone and he has a small office from which he tries to maintain the status quo.

In another firm the owner has just laid off the last two employees. He has trimmed his sign locations from approximately 700 to slightly more than 100 today.

From the information contained in the four tables, it is clear that considerable damage has already occurred to the firms under study. A question pertinent at this point is why have these firms remained in the business. Obviously there are problems in getting out of the business without losing a major portion of their investment. A regional firm with 1,000 signs, of the paint variety, would have approximately \$3 million invested in signs alone.

This figure excludes equipment, buildings and other fixed assets. In the firms under study the majority of the signs are in nonconforming locations. Therefore, the value of the signs to a prospective buyer is extremely low compared to the investment in the signs. Thus, the owner cannot obtain a reasonable return by selling.

It is apparent that some companies, not the companies under study, have expanded their operations. Why have the regional firms under study not followed suit? The basic answer to this question lies in the position the regional firms found themselves in at the time the various acts were passed.

Most of their resources were in the form of fixed assets with their cash inflow obligated to the retirement of debts on those assets. This contrasts with many national firms which were subsidiaries of large holding companies and, therefore, had a large resource base to draw on. The obvious step to take in 1965 was to acquire as many prime locations as one could afford along the new interstate system. In many instances, however, the interstate highway location would not produce revenue for 3 to 7 years because it would take that long to complete the highway. This is particularly true in the Mountain West.

The ownership of sign locations along today's interstate system in the Mountain West is, therefore not surprising. The bulk of the signs is owned by two or three large national companies and two or three regional firms whose previous activity was confined to industrial and commercial areas.

The firms which concentrated in rural areas were not in a position to lease or purchase properties before the locations could produce revenue. Their resources were committed and as a result of the acts, their collateral was suspect. Thus the regional firms which concentrated in rural areas prior to the passage of legislation are now locked into a position where they cannot expand and cannot divest themselves of their assets without a considerable loss. This condition stems directly from the legislation that was passed, both Federal and State, and the contractual obligations they faced at that time.

Let me now turn to a brief examination of the small local firms in the industry. At this point I can only speak for eight firms which operate in Utah.

Outdoor Advertising—Small Local Firms in Utah

One of two things has occurred with regard to this set of firms. Either the small local firm has gone out of business, or it has redirected the focus of its business efforts and made outdoor advertising a sideline. In Utah's case two of the firms are, for all intent and purposes, out of business. In both cases these firms have a small number of signs.

which are producing revenue; however, all employees have been laid off and both owners have turned to another vocation.

Six of these small firms now provide other services or products in addition to outdoor advertising.

In fact, when I requested information from the Utah State Department of Employment Security regarding this industry, only two of these eight firms appeared under the outdoor advertising classification. In both cases no employees were listed. These were the two firms which have gone out of business. It was necessary to turn to other classification codes to gather information on the six firms which made outdoor advertising a sideline.

With regard to the small local firms it is again clear that the Federal and State statutes have already had a significant impact. Of those surveyed, 25 percent are out of business and the remaining 75 percent have redirected their interests.

Summary

From the above information, it is apparent to the interested observer that the Highway Beautification Acts have significantly affected a portion of the outdoor advertising industry. For the most part, the impact has been felt by the regional and local companies. Fewer and fewer firms, regional and local, are finding outdoor advertising a viable business. On the other hand, firms which concentrated in conforming areas in the past, and other firms which had a large resource base, are now benefiting from the legislation.

It is also clear that if the deadlines of the acts are extended, more and more damage will be dealt regional and local firms. The regional firms, in particular, are locked into a position where they cannot expand their business and find it unreasonable to retire from the industry.

Recently, while trying to obtain information from a large national firm, an executive of the firm indicated that he had three regional firms approach him during the month wanting to sell. The response of the executive to the firms' offers was one of little interest. In telling the story he said, "I am not interested at this time because within 6 months to a year we can have them for almost nothing."

Given the fact that serious economic damage has already occurred postponement of enforcement or revocation of the acts will serve only to make the demise of regional and local firms more certain. We, therefore, turned our attention to the problems of "just compensation" and were pleased to find that most of this work had already been done.

I would like to introduce to the committee my associate, Mr. F. John Francis, the principal author of what has become known throughout the outdoor advertising industry and in many States as the Utah Formula for "just compensation." Mr. Francis was previously employed by the Utah State Department of Highways and is currently a professional appraiser for a private firm.

Senator Boggs. Mr. Francis.

STATEMENT OF F. JOHN FRANCIS, PROFESSIONAL APPRAISER

Mr. FRANCIS. In the interests of time, I have four exhibits I would like to enter into the record.

Senator Boggs. Do we have them available here?

Mr. FRANCIS. You don't have all the exhibits, sir. You have exhibit D or I believe exhibit C.

Senator BOGGS. Is it with your testimony?

Mr. FRANCIS. That is only exhibit C and I have three other exhibits here.

Senator BOGGS. Your testimony will be made a part of the record at this point.

Mr. FRANCIS. Yes, sir.

(The statement of Mr. Francis follows:)

STATEMENT OF F. JOHN FRANCIS

The "Utah Formula" can be defined as a schedule by which just compensation can be calculated for signs. The "Formula" is broad enough in concept to include all types and makes of outdoor advertising sign structures.

I would like to enter into the record copies of letters (Exhibit A) I wrote to six states which have asked for detailed information and support data for the "Utah Formula." Five other states requested information by telephone; and because they faced possible delays in construction if they did not act immediately, the information was given to them over the telephone. The 11 states which have requested information are: Colorado, Iowa, Nebraska, South Dakota, New Mexico, Wyoming, Nevada, Oklahoma, Virginia, Michigan, Missouri.

I would also like to enter into evidence a copy of a letter sent to one of the major sign companies in Utah by the Colorado Department of Highways (Exhibit A). This Utah sign company owns signs in Colorado. The Colorado Department of Highways is in the process of taking two signs because of a highway construction project. Particular reference is made to the statement in the letter: "The amount offered is based on the same formula used by the State of Utah to evaluate signs."

I would also like to enter into the records a copy of a speech, in which I outline the development of the "Utah Formula," which I delivered in New Orleans at the annual convention of the Roadside Business Association (Exhibit B). I observed at that convention that the sign company operators in attendance were most interested in just compensation. It appeared that just compensation, as stated by the various state officials in whose states the sign companies had signs had not clearly understood.

Based upon a thorough investigation of the procedures and the numerous activities related to the selection, engineering, and acquisition of non-conforming signs on a highway beautification project method, it would cost the taxpayers more than twice as much money for the taking of each non-conforming sign as compared to the Government's taking of non-conforming signs on a per-sign-company, per-state approach as contemplated under a plan recommended to the House Public Works Committee on April 13, 1967, by Douglas T. Snarr, President of Snarr Advertising, Inc., of Salt Lake City, Utah.

Under the highway beautification project method, the overhead costs, administrative costs, and estimated costs of other related activities would be greater than the estimated value of the signs taken. Our findings indicate that in the State of Utah the costs borne by the taxpayers to implement the Highway Beautification Act under the project method would be \$22,000,000. Of this amount \$9,670,000 is the estimated value of just compensation due the sign owners and land owners. It is my judgment that \$12,330,000 represents the enormous administrative costs connected with the highway beautification project method. For every dollar appropriated for highway sign removal, 55 pennies are used to fund the procedural requirements outlined by the acquiring agencies.

Under the per-sign-company, per-state acquisition approach, the total dollars involved to remove all of Utah's non-conforming signs is \$10,000,000. From this amount \$9,670,000 is the estimated value of just compensation for the sign owners and the land owners. The administrative costs connected with these activities are estimated to be \$330,000. For every dollar appropriated for sign removal under the per-sign-company, per-state approach, 3.3 pennies go to pay the procedural requirements.

In the interest of time and in due respect for all others anxiously willing to testify, I will not orally explain and outline the specific procedural requirements incidental to purchasing non-conforming signs under the highway beau-

tification project method; and I will not break down the aforementioned costs and how these costs are determined. Therefore, I would like to introduce into the record Exhibit C which lists the procedural requirements and the breakdown of costs.

By way of summarization and example, I would like to introduce into the record a field book (Exhibit D). With the cooperation of the Utah State Department of Highways, I have analyzed an actual highway beautification project from start to partial completion. This project was approved for purchase by the Bureau of Public Roads on June 29, 1967, by William D. White, Assistant Division Engineer, Bureau of Public Roads, for Robert E. Kirby, Division Engineer. The State has been reluctant to proceed on this project because the State, through its own studies, has proved to its satisfaction that to endorse and adopt this kind of procedure would make the State a party to excessive waste of tax dollars. As Mr. Helland has already testified to this Committee, the State endorses the adoption of the per-sign-company, per-state, single-contract method of purchasing non-conforming signs.

This highway beautification project, No. CAF-027-5(1), US 89, Fairview-Thistle Junction, consists of 20 non-conforming signs. All of the signs on this particular project are owned by individual businessmen advertising their own product, rather than being signs owned by outdoor advertising companies.

The State chief right of way engineer indicated to me that 400 manhours were required just to do the drafting on this small project. This is 20 manhours per sign or an estimated \$100 for each sign in terms of money just for drafting. It is estimated that it took another 400 manhours of title work and 200 manhours of engineering and survey work just to prepare the required maps and field book that I submit here in evidence. This is a total of 1,000 manhours. At an average of \$5 per hour, this is an average of \$250 per sign, or a total of \$5,000.

Prior to the work involved in the preparation of this field book, my research indicated that there were 350 manhours of work in committee meetings, planning and programing, and field work by committee people and liaison agents. These 350 manhours converted into money at \$8 per hour equal \$2,800 for the project or an average of \$140 per sign.

Subsequent to the plan as exhibited, it requires 40 manhours per sign to appraise, negotiate, disburse funds, and be reimbursed by the Bureau of Public Roads before the project is finally completed. This totals 800 manhours for this project at \$5 per hour, giving a total of \$4,000. This averages out to be \$200 per sign.

The total cost on this project of all procedural requirements is:

Committee work and preliminary planning-----	\$2, 800
Design and engineering work-----	5, 000
Acquisition -----	4, 000
Total -----	11, 800

This averages out to be \$590 per sign.

Compare this administrative cost of \$590 per sign to the estimated value of the just compensation paid for the property taken. As already mentioned, these 20 signs are owned by individual businessmen. Each sign has an average value after depreciation of approximately \$300. In addition to this, it is estimated it will cost \$85 to purchase the property rights of the landowner. This gives a total of \$385 for the value of the property taken compared to \$590 for just the State's cost of administration.

The highway beautification project method currently being advocated by the Bureau of Public Roads and made part of its policy in implementing the Highway Beautification Act is not the best way for the Government to proceed in exercising its responsibilities in carrying out the sign removal section of the Highway Beautification Act of 1965.

I recommend that the taxpayers can realize a much greater benefit and return on their investment in highway beauty through the adoption of the per-sign-company, per-state, single-contract method in dealing with the sign companies and the per-advertiser, per-state, single-contract method in dealing with those advertisers who build and maintain their own signs.

I recommend that this Committee authorize a minimum of \$5,000,000 as provided by Senator Frank E. Moss's bill No. S. 1442 which would allow the Secretary of Transportation to purchase non-conforming signs on a pilot program basis in one or several states.

Thank you.

Senator BOGGS. Where are your exhibits now?

Mr. FRANCIS. Right here, sir.

Senator BOGGS. Would you please explain and give us a copy.

Mr. FRANCIS. I will give them to him at the conclusion of my remarks.

Senator BOGGS. Thank you.

Mr. FRANCIS. Exhibit A: As Dr. Wimmer has mentioned, I authored the so-called Utah Formula for just compensation, and this is a simplified schedule on a per square foot basis on the evaluation of signs, that is, per square foot of sign space area.

Exhibit A refers to the many States, 11 of which are listed, that have sought information from the State of Utah regarding this formula and the things that we are doing in Utah.

Exhibit B is a dialog of how this formula was arrived at and exhibit C is a complete breakdown of the costs and estimated values of what this program will cost in the State of Utah.

I will just summarize those briefly right at the moment.

Senator BOGGS. Very good.

Mr. FRANCIS. Under the per sign project method which is now employed, the overhead, administrative costs, and estimated costs of other related activities would be greater than the estimated value of the signs taken.

Our findings indicate that in the State of Utah the costs borne by the taxpayers to implement the Highway Beautification Act under the project method is estimated to be \$22 million. Of this amount \$9,670,000 is the estimated value of just compensation due the sign owners and the land owners.

It is my judgment that \$12,330,000 represents the enormous administrative costs connected with the beautification project method, or, in other words, for every dollar appropriated for sign removal 55 pennies are used to fund the procedural requirements outlined by the acquiring agencies.

Now, under the per-sign company approach in the acquisition of signs the total dollars involved to remove all of Utah's nonconforming signs is estimated to be \$10 million, and these are round figures, sir. From this amount \$9,670,000 is estimated to be the value of just compensation for the sign owners' and the land owners' interests.

The administrative costs connected with these activities are estimated to be \$330,000. In other words, for every dollar appropriated for sign removal under the per-sign company-per-State approach, 3.3 pennies go to pay the procedural requirements.

Now, in the interests of time I will conclude my remarks with one exhibit. I would like to enter this into the record. I have already referred to it as Exhibit D.¹ I have here a field book of an actual beautification project in the State of Utah which has been approved for purchase by the Bureau of Roads. The approval date is in my testimony. I would just like to make reference to this and show you what in my judgment is a ridiculous waste of time.

Senator BOGGS. Is this the other exhibit?

Mr. FRANCIS. This is the other exhibit. This project involves 20 signs, none of which belong to sign companies. They are all owned by

¹ Exhibit D is retained in the committee files.

individual advertisers who have constructed their own signs to advertise their own products.

Now, we have here an ownership record of all the property owners, a complete title search, maps, and let me start off with a map of, first, the State of Utah and then the road section and then we have here endless hours of engineering, drafting, and title work where they have to locate by legal description every sign located on the project.

To me this is duplication. We already have an inventory of signs. In discussing this with the chief right-of-way engineer in the State of Utah, he indicated that there are over 1,000 manhours of time spent just in preparing this little booklet right here and in terms of money we are talking about \$5,000 just in the preparation of this booklet.

Senator Boggs. We are glad to have that as an exhibit.

Mr. FRANCIS. Yes, sir.

The total administrative cost on this small project is estimated to be about \$11,800. The value of the signs taken are estimated to be just under \$8,000, and so I think this exhibits one of the real problems in program, which is the administration.

Senator Boggs. I would agree.

Mr. FRANCIS. Let me summarize my remarks by just stating, and I want to just break this down a little further. I have mentioned the \$11,800 here. This works out to an administrative cost of \$590 per sign compared to the value of the sign, including the landowner's interest, of \$385.

I think you can get the picture here. The highway beautification project method currently being advocated by the Bureau of Public Roads and made part of its policy in implementing the Highway Beautification Act is not the best way for the Government to proceed in exercising its responsibilities in carrying out the sign removal section of the Highway Beautification Act of 1965.

I recommend that the taxpayers can realize a much greater benefit and return on their investment in highway beauty through the adoption of the per-sign-company, per-State, single-contract method in dealing with the sign companies and the per-advertiser, per-State, single-contract method in dealing with those advertisers who build and maintain their own signs.

I recommend that this committee authorize a minimum of \$5 million as provided by Senator Frank E. Moss' bill, S. 1442, which would allow the Secretary of Transportation to purchase nonconforming signs on a pilot program basis in one or several States.

Thank you.

(The exhibits supplied by Mr. Francis follows:)

EXHIBIT A

DEPARTMENT OF HIGHWAYS,
STATE OF COLORADO,
Grand Junction, Colo., May 27, 1969.

DOUGLAS T. SNARR,
*Snarr Outdoor Advertising,
Salt Lake City, Utah*

DEAR SIR: Reference is made to our telephone conversation of May 26, 1969, regarding the Division of Highways' plan to improve a section of U.S. Highway 40 from the Utah State Line-East. This is known as Project F 005-1(14) and is scheduled to be advertised for bids early in June, which will make it necessary to have the right of way, including all advertising signs, purchased by this time.

As U.S. 40 is a federally participated primary route, existing Colorado law substantially restricts the relocation of advertising signs displaced by highway construction, and therefore the Division of Highways is required to purchase them.

We are enclosing a Memorandum of Agreement in the amount of \$5,020.00 for purchase of two signs owned by your company, displaying Phillips "66" and "Different World of Utah." These two signs are located between Wiley's Resort and the Utah State line on U.S. 40. The amount as offered is based on the same formula used by the State of Utah to evaluate signs.

The salvage value placed on the signs is \$780.00 for the Utah sign and \$500.00 for the Phillips sign, and they may be returned to you for these amounts providing they can be removed by July 1, 1969.

After assessing this offer, if you have any questions, please advise; however, if this offer is acceptable, please execute the Agreement and return it to this office in the self-addressed envelope provided. Also please indicate whether or not you wish to re-purchase the signs for their salvage value. Upon receipt of the signed Agreement, we will order a warrant for payment to your company.

Your cooperation in regard to this matter will be appreciated.

Very truly yours,

ARTHUR L. PEARSON, *District Engineer.*
By R. C. YOULL, *Senior ROW Agent.*

STATE OF UTAH,
Salt Lake City, March 20, 1969.

Mr. ALVAH S. MATTOX,
R/W Engineer, Department of Highways, Richmond, Va.

Subject: Sign Appraisals

DEAR MR. MATTOX: Please excuse the delay in my answering a letter dated February 5, 1969, from Mr. Chris Hoversten of the National Advertising Company requesting our department to supply certain information to your people.

I presume you received a copy of Mr. Hoversten's letter to me. Reference is made in the letter to a speech I gave in New Orleans on January 10, 1969, when I stated that Utah has received Bureau of Public Roads approval of the format we are using here in Utah for sign evaluations.

When we began to appraise signs here in Utah, we deemed it necessary to gain Bureau approval prior to any purchase of billboards. Step by step we approached them for approval of the work we were doing. On January 9th, a meeting was held here in our department and those attending from the Bureau of Public Roads were: Mr. James P. Carver, Mr. John Stratton, Mr. Wade Transue of the local office of the Bureau of Public Roads, and Mr. Harold C. May of the regional office of the Bureau of Public Roads in Denver, Colorado. The format which had been outlined was discussed in length and Mr. May requested that he be given an opportunity to review it during the day and would report back to us as to his views. Attached is a copy of the format used in that particular sign appraisal and he has written his approval on this.

Later in the fall of the year, it is my understanding that the Washington office of the Bureau of Public Roads requested the Salt Lake City office of the Bureau of Public Roads to thoroughly audit and examine what we had done here in Utah. Who exactly requested this, I am unable to say; however, Mr. James P. Carver of the Salt Lake City office spent several days going over the backup data and support which we had and, subsequently, contacted various sign companies here in Utah as well as in Colorado and Idaho. The findings were virtually an exact duplication of the research that I had conducted and his conclusions were the same.

Evidence of the fact that they have approved it is shown by Mr. May on the attached copy; they have not to the day of this writing receded any approval given and have not requested that we change in anyway the format which we are using. The usual procedure is for them to immediately notify us of any change in their policies.

As I stated in my speech in New Orleans, a copy of which is attached, the approach to the evaluation of signs in Utah is not some magic formula but follows established procedures and concepts well recognized in the appraisal field.

If I can be of any further assistance, feel free to call on me. I trust that this information may be of some benefit to you.

Very truly yours,

F. JOHN FRANCIS,
Liaison Agent.

P.S.—For your information, I have attached a copy of an appraisal on a sign here in Utah which I pass on to you for your general information. I must caution you that the costs as shown in this appraisal apply in this particular area and may not be applicable in Virginia.

[Enclosures.]

JANUARY 28, 1969.

Mr. KENNETH CANAVAN,
Nevada Highway Department,
Carson City, Nev.

Attention: Internal Audit
Subject: Sign Appraisal

DEAR MR. CANAVAN: Enclosed please find a copy of an appraisal of a painted bulletin located on a construction project here in Utah. The format used and a cost breakdown is included in this appraisal.

I may caution you that a schedule of costs used here in Utah may or may not be applicable to billboards in Nevada and that these figures have been supplied by various sign companies here in Utah and were verified by audit of their books. It is suggested that you do likewise in Nevada if you were to use this format. I should also note that due to inflationary pressures in writing costs, we attempt to update our figures constantly in order to use current reliable cost data.

Also enclosed is a schedule of costs for relocating billboards for each of the six highway districts in Utah.

If we can be of any further assistance to you, please feel free to call on us.

Sincerely yours,

F. JOHN FRANCIS,
Liaison Agent.

JANUARY 28, 1969.

NEW MEXICO STATE HIGHWAY DEPARTMENT,
Santa Fe, New Mexico.

Attention: Robert L. Rutledge
Subject: Signs

GENTLEMEN: Enclosed please find a copy of an appraisal of a painted bulletin located on a construction project here in Utah. The format used and a cost breakdown is included in this appraisal.

I may caution you that a schedule of costs used here in Utah may or may not be applicable to billboards in New Mexico and that these figures have been supplied by various sign companies here in Utah and were verified by audit of their books. It is suggested that you do likewise in New Mexico if you were to use this format. I should also note that due to inflationary pressures in writing costs, we attempt to update our figures constantly in order to use current reliable cost data.

Also enclosed is a schedule of costs for relocating billboards for each of the six highway districts in Utah and a copy of a speech I made recently concerning sign appraisal history in the State of Utah.

If we can be of any further assistance to you, please feel free to call on us.

Sincerely yours,

F. JOHN FRANCIS,
Liaison Agent.

UTAH STATE DEPARTMENT OF HIGHWAYS,

June 2, 1969.

Mr. CHARLES E. SMITH, *Staff Appraiser,*
Nebraska State Department of Roads,
Lincoln, Nebraska.

DEAR MR. SMITH: Mr. Francis has resigned from employment with the Utah State Department of Highways so your request to him has been referred to me for reply.

I am enclosing copies of three schedules which have been developed and are used in Utah in appraising signs both for purchase and relocation. All of these schedules are on a square foot basis without regard to distance from ground level to the bottom of the sign. This will undoubtedly have to be considered if and when we become involved with signs placed on high posts as those used along freeways. So far, however, we have mainly been concerned with roadside signs, primarily located in the country, all of which are pretty much the same height

from the ground. Hence, we have concluded the square foot value will generally apply to most signs with which we deal.

The complete schedules are applicable to sign company signs. We use the painted bulletin schedules for individual advertiser owned signs which are painted signs, but we only apply appropriate costs for art and display, materials and labor, and where appropriate we add costs for illumination or scotchlite. Since individuals who own signs do not have problems of administration, overhead and sales as do sign companies, these costs are not calculated in appraisals of individually owned signs.

In our appraisal process we have assumed an economic life of signs as follows: Wood, 20 years; steel, 30 years; combination, 25 years (wood & steel).

We generally assume a wood frame with a thin sheet metal face to be the same as all wood. Depreciation is then calculated by estimating an effective age of each sign based on the above assumption.

Our relocation schedule is based on sign companies which are headquartered in Salt Lake City where headquarters for our District 2 is located. I believe the schedule is self-explanatory. We do not use the leaseman's and salesman's activity in calculations for relocation of individually owned signs. We also work on a bid from the owner or a sign company in the area of the sign location and negotiate on the basis of the schedule and the bids we receive. Thus far, our relocation schedule has usually been higher than the bids so it may require some updating. In this regard, we have been allowing very little relocation in connection with our beautification control program so the schedule has received little use in recent months.

I also wish to caution that these schedules have been worked out based on prices for this area and may or may not be useable in your area. We have updated them from year to year which is a continuous program to keep current with existing prices.

If you have questions which I have not answered, I will be pleased to hear from you or talk to you on the telephone. My number is: Area Code 301 323-3091.

Sincerely yours,

ROBERT M. LUNDEL,
Liaison Agent.

JUNE 3, 1968.

Mr. TONY BERAN,
*Staff Right-of-Way Appraiser,
Colorado State Department of Highways,
Denver, Colo.*

Subject: Sign Appraisals

DEAR MR. BERAN: Enclosed is a copy of an appraisal of a sign owned by Mt. States Advertising Company of which you spoke this morning in our telephone conversation. This has been appraised on a short-form appraisal report but I have also included a schedule of the costs which we are using here in Utah.

This schedule of costs has been prepared from a mass of information which was acquired from the sign companies during the past two years. There has been an extensive amount of research done in the outdoor advertising field by our division and we have reduced this date as best we could to the schedule of costs.

It would be well for you to contact the Regional Office of the Bureau of Public Roads for further information as I mentioned to you in our conversation. I believe this information could be obtained from Mr. Herald May.

Trusting that this information will be of some help to you, I remain.

Sincerely,

F. JOHN FRANCIS,
Liaison Agent.

SEPTEMBER 17, 1968.

Mr. ALVIN J. PEPPER,
*Principal R/W Engineer,
Wyoming State Highway Commission,
Cheyenne, Wyo.*

Subject: Method and Format of Billboard Appraisal

DEAR MR. PEPPER: Enclosed please find an appraisal report of a billboard here in Utah. I believe the report is pretty well self-explanatory and contains schedules which we are currently using regarding replacement cost approach and income

approach. This method and format of appraisal has been approved by Mr. H. C. May of the Denver Regional Office of the Bureau of Public Roads.

I am sure that the costs may vary between Utah and Wyoming and these schedules used here have been developed after some two and one-half years of research into the various costs incurred by sign companies in construction of bill boards. We have interviewed and examined records of virtually every sign company in the State of Utah and through this experience have developed these schedules. There is still an element of judgment involved in depreciation and this has been set up on the following basis:

All frame signs, 20 years life expectancy; metal uprights with plywood facing, 25 years life expectancy; all steel signs, 30 years life expectancy.

The judgment factor comes into the number of years gone out of the sign and on some older signs we are using an effective age rather than actual age. This is due to the fact that most sign companies offset the major portion of the depreciation by proper maintenance. It is our experience that many signs which are often 30 to 40 years old are in just as good repair as though they were brand-new and in most cases bring in far more income today than when the sign structure was first built.

Trusting that this information will be of some help to you in solving problems that you have and if we can be of further help to you, feel free to call on us.

Sincerely,

F. JOHN FRANCIS,
Liaison Agent.

WYOMING STATE HIGHWAY COMMISSION,
Cheyenne, Wyo., September 4, 1968.

Mr. S. C. COCKAYNE,
*Administrator, Right of Way Division,
Utah State Department of Highways,
Salt Lake City, Utah*

DEAR MR. COCKAYNE: The Wyoming State Highway Department is now in the process of establishing a procedure and compensation plan regarding the disposition of commercial advertising signs on new highway projects.

It is our understanding that the State of Utah has worked for over a year on establishing a square-foot cost for various types of signs. We therefore respectfully request a copy of your procedure, documentation, and pay schedule for review.

Very truly yours,

W.E. SUTTON,
Chief Engineer.
By ALVIN J. PEPPER,
Principal Right of Way Engineer.

EXHIBIT B

SIGN APPRAISAL HISTORY IN THE STATE OF UTAH

A SPEECH GIVEN BY F. JOHN FRANCIS, APPRAISER, UTAH STATE DEPARTMENT OF HIGHWAYS, TO THE SIGN EVALUATION SEMINAR OF THE ROADSIDE BUSINESS ASSOCIATION AT THE ROOSEVELT HOTEL, NEW ORLEANS, LOUISIANA

(Friday, January 10, 1969)

SIGN APPRAISAL HISTORY IN THE STATE OF UTAH

About three years ago I was asked to prepare an estimate of the cost of removing all non-conforming signs in the State of Utah. The six highway districts had previously inventoried these signs and had supplied me with a sample of a cross section of the various types and sizes of signs. My responsibility was to put a value on the sampling which was later fed into a computer to arrive at the total estimate.

As I began my usual pattern of research, I immediately was faced with two major problems:

1. None of the existing cost services or appraisal data manuals contained even one word as to the valuation of outdoor signs.

2. I personally did not have the slightest idea of what was involved in the construction of signs or the many unique features of the operation of a sign company.

So now what do I do?

We learn things by asking questions, so I set out to ask what probably seemed to the sign companies a lot of stupid questions:

1. What are the materials used?
 2. What kind of paint?
 3. Who designs the signs?
 4. Who does the art work?
 5. What about leases?
 6. How long are the leases; are they cancellable?
 7. Who sells the advertisers, etc.?
 8. How much rent do they bring?
 9. But most important of all, how much does it cost and what are the returns?
- I found out some interesting things.

I interviewed every sign company in the State of Utah and corresponded with several out-of-state companies who had a number of billboards in Utah.

All sign companies were most skeptical with me at first and hesitant to give me information.

For awhile, I felt like an internal revenue officer.

Then the ice began to break as I worked with them. There were still one or two of them who either did not trust me or who seemingly were not interested in just compensation.

As I say, I found out some interesting things.

1. No two sign companies are the same.
2. With the exception of poster panels, no two sign companies build their signs alike in every respect.
3. No two sign companies charge the same rental fees.
4. The leases are very different.
5. There are even vast differences in materials and labor—primarily in purchasing power.
6. Poster panel operation is an entirely different setup. Poster panel operation is primarily pre-fabricated and much less costly than a paint operation.
7. What constitutes an economic operation to one company is certain bankruptcy to another.

These factors only added to an already complicated and complex problem. It was evident that there was only one thing to do and that was to wade in and gather all the facts I could about every minute detail of the sign industry. It became apparent that there was only one source which could provide the facts with any degree of accuracy and that was the sign companies themselves.

As I visited the various sign companies, I indicated that I was only interested in material that would stand up in court and stand the test of time. I wanted documented evidence that could be verified and determined to be true by myself or even more important that it would stand audit by the Bureau of Public Roads.

I did not want overstatements or misstated exaggerations—but only facts.

To my utter astonishment, I found that very few of the companies operating in Utah had the kind of records that could support the data I needed. I remember talking with the manager of one of the largest operations in Utah and requesting an appointment to discuss some data and gather facts regarding economic rents. He stalled and stalled me off. Finally, when I went out several days later without an appointment, he told me there was no way he could help me without first talking to the owner of one of the other large sign companies because he did not have the data. However, he could get it from another company.

Now, I believe in giving credit where credit is due. The first big breakthrough for me during my endeavor to determine accurate costs came when Mr. Douglas T. Snarr, President of Snarr Advertising, Inc., called in his comptroller while I was in Mr. Snarr's office and instructed his comptroller to open their books, which included Ernst and Ernst audited financial statements; cost data, both variable and fixed, pertaining to the erection of those signs that I asked about. I might add here that Mr. Snarr told the comptroller to give me any information that I needed or may need in the future.

I have felt a real responsibility not to take advantage of, do anything, or say anything that would jeopardize Mr. Snarr's position. I have also attempted to treat the trust and information Mr. Snarr and his staff have given me with one objective in mind and that objective is—to determine what just compensa-

tion is. This openness, this willingness to help, this integrity demonstrated by Snarr Advertising had a thawing effect upon the other sign companies; and they subsequently have given me the information that I have needed to carry on my work in the State of Utah.

One of the biggest problems still remained once I had gathered the data that I needed. The big question was—Now, what do I do with the data? How do I organize and make an objective analysis of the data and present it in a way that represents justice, fair treatment, and be in conformity with the law?

An inner feeling told me that the big word in just compensation is "just," which implies justice.

With all this mass of information and data gathered, I set out to refine it, to categorize it, and to draw some conclusions. I felt that the overall estimate could be best illustrated and would be more meaningful to those who were to receive it if it were reduced to a comparative grid or chart of some sort. In order to do this, I felt that a common indicator of measurement should be used; and I felt that it would be easier to understand if it were on a per square foot of sign face area.

It also seemed most appropriate for me as an appraiser to give (at least for this estimate) greater consideration to the Reproduction Cost Approach to value.

During this time I consulted the local officials of the Bureau of Public Roads. They were most interested in my problem and gave what help and direction they could. However, they pretty well left it up to me to prepare the estimate, inasmuch as they had no more information as to procedure than I did.

The end—or at least I looked upon it as the end result at the time—was a chart on sign evaluation from which the sampling of signs for the estimate was evaluated. My colleagues seemed to be happy with what had been done, as did the Bureau of Public Roads. They so indicated by letter of commendation. I thought this was the end but found later that it was only the beginning of more problems, frustrations, decisions, and judgments to come.

In the summer of 1967, an interstate road project was about to be constructed in a section of the Parleys Canyon area just east of Salt Lake City. There were approximately 75 signs located along the existing US Highway 40 that would fall within the new proposed right of way. Inasmuch as beautification was some time off, I was asked to make appraisals of the cost of relocating these 75 signs. From the data which I had gathered and some additional trips to the sign companies, I was able to make these appraisals of the relocation costs. We had reached agreement with many owners of signs which were not owned by sign companies. On reconsideration, when it came to the sign companies, a question was raised by Snarr Advertising regarding future compensation under the Beautification Act if they were relocated. Our very ardent negotiators assured Snarr Advertising and all other sign companies that they would receive compensation. Certain agreements were reached between the State and some of the sign companies. However, Snarr Advertising insisted upon a ruling from the Attorney General's office before signing. Sure enough, the Attorney General's office ruled that Snarr Advertising was right and our negotiators were wrong.

Time had lapsed and our department under the pressure of a court injunction very willingly called a meeting of all the powers to be in the Road Commission; and in November of 1967 the State Road Commission decided upon the advice of the Attorney General's office to purchase by negotiations and if that were not possible, then by condemnation, all 75 signs located within the bounds of the construction project. The Attorney General's office advised them that according to Utah State Statute the signs could not be relocated and be compensable under the Highway Beautification Act at a later date.

I was subsequently assigned to make a determination of the value of these signs located along this project.

The moment of truth had arrived. Now, I had to say that a specific sign at a specific location on a specific date was worth a specific number of dollars. My supervisor and the Bureau of Public Roads advised me to proceed cautiously and to come up with a format that would allow us to be reimbursed as a state for moneys spent.

Approaching it as I would any other improvement, I set out using the three commonly accepted approaches in determining fair market value to render just compensation to the sign owners.

1. Market Data Approach which is a thorough study of sales that has taken place between a willing buyer and willing seller, using these sales to indicate a value in the market place.

2. The Earnings or Income Approach to value which is determined by capitalizing the net, net, net, net income stream for a certain period of years that is generated by the improvement of property.

3. The Reproduction Cost less accrued depreciation approach which is simply determining what it would cost to reproduce the facility today less any depreciation that has occurred over the years of its existence.

It immediately becomes apparent from a search of the market in our area that there was insufficient information available to determine trends in the market in order to come up with the value by the Market Approach. So that approach was down the tube.

I might say at this point, because I know there has been much anxiety regarding which of the three approaches is most applicable to the sign industry, if there is enough data available to draw proper conclusions of value from all three approaches, then they all should be used. If this data is complete, well organized, and properly analyzed, the differences in value between the three approaches will be insignificant. The problems arise when the appraiser is not consistent with his use of the data.

I then made an analysis of the data available and, for me as an appraiser, I found the Reproduction Cost Approach the most accurate and useful in this situation. I have done an Income Approach on most of the signs I have appraised in Utah. In some situations the Income Approach indicated a higher value, while in other cases it indicated a little lower value. The differences were not significant.

As I proceeded with my work, I sought the approval of the Bureau of Public Roads for the format being used. With various adjustment in format, but still being allowed to include all of the costs attributable to the building of the sign structures, they gave their approval; and we began to buy signs.

Then, at long last, as though a millstone had been taken from my neck, it came—directly from Washington—PPM 80-9 Appendix C, Guidelines for Preparing Value Estimates for Signs. Someone back there had been working on this problem right along with me.

What were they advising me to do?

Well, you would not believe it! With minor differences in phraseology, they recommended the exact approach that I had been using. What a relief! They were calling them direct costs, and I was calling them variable costs. They were calling them indirect costs, and I was calling them fixed costs. But the concept was the same. It kind of made one feel all warm inside.

These people are appraisers—they are human beings; they have the interest of the Country at heart. They do not want to hurt anyone. Surely, we had differing opinions on various items—sometimes serious differences. You show me a man that at times does not come into direct conflict with his wife, and I'll show you a bachelor; and like the Federal Government, the conflict is surely to be over money. But we men need our wives; and the sign company, as well as the state, needs the Federal Government.

Time has passed, and we have had success in purchasing signs. Other states began to hear of our success and wanted information regarding the so-called Utah formula for appraising signs.

First, it was Colorado; then, it was Iowa; then, Nebraska; then, Oklahoma; even the University of Michigan Law School.

As the requests from other states continued to come in requesting help, the long awaited and inevitable event that we all had expected happened! Again, tremendous burden lifted. Washington wanted a complete and thorough audit of what was being done in Utah regarding signs.

Many, many hours were spent with Bureau auditors going over documentation, analyzing the facts and data used by me in arriving at value. They asked me the same multitude of questions I had asked the sign companies.

The Bureau continued the search by calling on several sign companies in the area, and again it was an exhaustive study. They spent a full eight hours with one sign company in Salt Lake City going over records and verifying what I had said.

What would be the result? Would they be in agreement? We waited and waited and finally it came. A clean bill of health! We were in agreement of the facts! Again, a few differences; but nothing which would alter our course. We were on the right track. We had their blessings.

Gentlemen, the so-called Utah formula is not some magic formula. It embraces well-accepted concepts of appraising, along with a little horse sense, developed by a man who had a problem to solve. It has entailed a lot of hard work over the past three years; but we are being rewarded by knowing that

no one in the State of Utah had to go to the courts in order to protect his property values.

Two areas of value that I have not mentioned thus far that I would like to comment on briefly are

1. Leasehold interest.
2. Severance damages.

1. There are many, many legal ramifications involved in the delivering of leasehold interest. Without going into a lengthy discourse on these perplexing problems, let me simply say this. If you have a non-cancellable lease for a period of say five years or longer and your contract rent is less than the economic rent—or the going rate—for the area, then you would have a marketable interest for which you would be entitled to just compensation. This interest would have to be deducted from the value paid to the landowner for his rights; and if this is not the case, then you have no leasehold interest. It is that simple.

2. Regarding severance damages, the Utah State Statute specifically states and I quote, "Just compensation shall be paid for outdoor advertising and all property rights pertaining to some which are acquired by eminent domain. For the purposes of this act, just compensation shall be deemed to include, but not be limited to, severance damage, taking into consideration the unique nature of outdoor advertising as affected by this act as well as the right of the landowner to erect and maintain sign structures on his property."

Mr. Douglas T. Snarr has been jabbing me about this for some time now, and I have been gathering data which pertains to severance damages. In my analysis of the data regarding this problem it is my finding that it is virtually impossible to accurately measure severance damages of the remaining signs of a company without using the concept of the unit rule in appraising, or which may be known to you as a buyout on a per-company basis. As you well know, Mr. Snarr's testimony in Washington promotes this concept; and I must say in all sincerity that it is probably the only way damages can be properly assessed.

Snarr Advertising, Inc., has a proposal before the Utah State Road Commission at this very moment which is now approved by the Commission pending the availability of funds from Washington. Again, regarding this proposal, I was asked to evaluate the entire inventory of signs in the Utah operation of Snarr Advertising and to determine the extent of damages, if any, to his remaining operation after the taking of the non-conforming signs.

The concept of damages is this:

1. What is the value of the entire operation as a unit?
2. What is the total value before the taking of the non-conforming signs?
3. What is the value of the signs taken?
4. What is the value of the remaining signs or the conforming signs before the taking of the non-conforming signs?
5. What is the value of the conforming signs after the taking?

The difference between the before and after value of the conforming signs is the measure of damages. The total of the taking plus the damages is just compensation.

The total of the damages, the taking, and the remainder must equal the before value of the total operation.

In appraising over 700 signs during the past three years and most of them during the past 15 months, I again must say that it behooves me to give credit where credit is due. Without the unselfish cooperation of the sign companies in the intermountain area, the Bureau of Public Roads, and not in the least the five people on our State Road Commission staff, we could not have accomplished the task which was before us.

The task is not complete. There will be changes, modifications, and improvements in the existing laws. There will be further refinements in the data used and a constant upgrading of data to bring it into line with current values. This is a continuous process and will require a never-ending cooperation between the sign industry and government.

Let me just make one more side comment. One day, I asked Mr. Douglas Snarr just why he took the attitude he did; why he had been so overwhelmingly cooperative in our quest for pertinent data. I believe his reply is most significant. He said, "Because I do not want the government to make a determination of what just compensation is for my company based on so-called facts gathered from some other source."

I know your main concern here as a group and as individuals is: How much money? I have purposely not discussed this with you because of the sacred trust given me by the sign company in our area. True, I have prepared

some schedules of costs for the various activities involved in building and selling sign space. These schedules are intended as a guide only and must be used with great judgment and skill. They may or may not apply in your own situations.

Gentlemen, wasn't it Sir Isaac Newton who discovered the eternal and immutable law that for every action there is an equivalent reaction.

Ralph Waldo Emerson, perhaps the greatest philosopher of the Western Hemisphere, refined Newton's law and called it the "Law of Compensation." In other words, there cannot be a taking without an equivalent receiving. Everything has its built-in counterpart; every virtue its own vice; every good its own evil; male and female; black, white; over, under; spirit, matter.

Perhaps the most practical of our current pragmatists, Napoleon Hill, defined this great truth when he said, "Every tragedy bears the seed of equivalent opportunity." I firmly believe that highway beautification to some is a tragedy and to others a beautiful blessing. But to those to whom it is a tragedy—because it is a tragedy—it is a golden opportunity, particularly, for everyone here today. I believe this because of the truth of Emerson's so-called "Law of Compensation" and for the "Law of Just Compensation" as provided for in our Constitution. Perhaps, most convincing of all, I have remembered what Mr. Douglas Snarr of Snarr Advertising said to me three years ago when entering into his office to gather information. He had just cut his work force from 63 employees to 13. He said to me, "Mr. Francis, to foresee is to rule; and I perceive that highway beautification is the greatest opportunity for the sign industry if only the owners of the sign companies have the vision to see it."

Gentlemen, it has been three years since Mr. Snarr said that. At the time no one was more skeptical than I, but now I am convinced he is right.

Thank you.

EXHIBIT C

ADDITIONAL STATEMENT OF F. JOHN FRANCIS

My name is F. John Francis. I am an associate of Dr. Larry T. Wimmer of the Brigham Young University in Provo, Utah. I am here to present some facts pertinent to Highway Beautification as it relates to the economy of Utah. Prior to my association with Doctor Wimmer, I was employed by the Utah State Department of Highways in the appraisal section with specific duties of research, development of appraisal techniques and schedules, as they relate to billboards, and the actual appraisal of highway advertising signs in Utah. I am largely responsible for what has become known throughout the entire sign industry and in many states as the "Utah Formula" of "Just Compensation" as it relates to signs.

Without going into a lengthy explanation as to what was involved in arriving at this formula, may I say that it is based entirely upon sound concepts and well-established principles of appraisal technique, together with guidelines supplied by the Bureau of Public Roads. It deals entirely with the Reproduction Cost Approach to value less accrued depreciation. A very exhaustive analysis of every detail involved in the production and erection of advertising signs has been made, and a cost has been determined for each of these items. These costs have been scheduled into a common denominator which greatly expedites the process of arriving at values as they pertain to advertising signs. Although they vary in degree with the different sign companies, for the purposes of this discussion today, I have taken an average of these costs with respect to company-owned signs and individually-owned signs and have reduced it to a per square foot cost for the advertising space on each sign. This per square foot figure includes a cost for each item involved in the final product as we see it along our highways. An example of the items involved would be: materials, labor, art work, display, shop overhead, general administration, sales, accounting, etc. There are many items not mentioned which reflect the cost of sign structures, but we have documentation for each item related to highway sign production.

From this point on, I will only use and refer to the per square foot cost for the two large groups of signs we have in the State of Utah, the first group being the signs owned by outdoor advertising companies and the second group being those signs belonging to individuals and companies who choose to own and construct their own advertising signs rather than to go through an outdoor advertising company. There is a vast difference in value in these two groups of signs because the average sign in the individually-owned category is very

small; usually constructed of lesser-quality materials; and allowance has not been given these operators for general administration, shop overhead, and sales costs. Few, if any, of these types of signs are illuminated in any way. Hence, we have a large difference in the reproduction cost on a per square foot basis for these two large categories of signs. I would now like to present the facts as indicated by our research over the past three years along with comments relating to these facts.

Before doing so, however, I would like to mention that there have been assumptions made in presenting these facts and limiting conditions upon which they are presented. These assumptions and limiting conditions are:

1. The data given me in research are accurate and factual, and I assume no responsibility for their accuracy.

2. The property involved is unencumbered, and there is clear title of ownership.

3. I assume no responsibility for matters legal in character, and I do not render any opinion regarding legal matters.

As the one responsible for the facts as presented, I want it understood that if information is made available either now or at a later date which would in anyway alter the outcome of this report, I reserve the right to alter the report according to that information.

My main function here today is to show the differences in the cost of implementing the Highway Beautification Act of 1965 on a sign-by-sign project method or on a single-contract purchase of all signs belonging to an individual or an outdoor advertising company.

The total amount of "Just Compensation" for the taking of highway signs will be no different whether the signs are taken one at a time by the project method or by the single-contract method in which all signs belonging to an owner are purchased in lump sum. The tremendous difference in the cost to the Government and the sign owners is not in the value of the taking, but rather in the administration of the Act as it applies to both the Government and the sign owners.

First of all, I will give the estimated value of "Just Compensation" which is due the sign owners for the taking of non-conforming signs along with estimates of the damages to the remaining portion of the sign company plant, as it is affected by the Beautification Act. By "plant" we mean the remaining signs and the equipment necessary to operate those signs.

There are approximately 10,000 highway signs in the State of Utah which do not meet the drafted standards and specifications of the Federal Highway Beautification Act of 1965 and the State of Utah Law of May 9, 1967. For this reason, it is mandatory that these non-conforming signs be taken down and that "Just Compensation" be paid for the signs taken and the landowners' interest in the property rights taken by these laws, as Utah Code anodated states 27-12-136.1 to 136.13 Section 11 (2) (a) :

"Just compensation shall be paid for outdoor advertising and all property rights pertaining to same which are acquired by eminent domain. For the purpose of this act, just compensation shall be deemed to include, but not be limited to, severance damage, taking into consideration the unique nature of outdoor advertising as affected by this act, as well as the right of the land owner to erect and maintain sign structures on his property."

I will now outline the estimated reproduction cost of these non-conforming signs located along our highways, together with damages, if any, which have and will accrue to the remaining signs which do conform to the law.

As stated, there are approximately 10,000 signs which do not conform to these laws. Of those 10,000 signs, approximately 3,500 belong to outdoor advertising companies and approximately 6,500 belong to individuals and companies who advertise their own products and business on signs which they themselves have erected and own. In most cases, the 10,000 signs are on property which belongs to someone other than the sign owner.

I will first state the facts as they pertain to those 3,500 company-owned signs. The average size of those signs owned by outdoor advertising companies is 200 square feet of advertising space. It is essential to use a common denominator. Since a per square foot figure of advertising space is used by the companies in selling advertising, we have used that method in estimating these values:

There are 3,500 signs at 200 square feet per sign or 700,000 square feet of sign space in Utah belonging to these companies. We have developed, through three years of research and effort, a method of arriving at a per square foot cost for each of the activities involved in the sales, production, and erection of a sign as we see it along our highways. Although it varies with different companies, our

research indicates a cost per square foot of the average sign of this type is \$12. Applying this per square foot cost to the total of 700,000 square feet of sign space, an aggregate reproduction cost new of 700,000 times \$12 equals \$8,400,000. Our research indicates that on the average the economic life of this type of sign structure is 20 years. Although many of the newer structures will last much longer than this, it is a reliable average in the industry as a whole. It is estimated that the average sign of this type has about eight years gone out of the 20-year economic life. Thus, the \$8,400,000 value new must be depreciated by eight years or 40 percent. \$8,400,000 times 40 percent equals \$3,360,000. Then \$8,400,000 minus \$3,360,000 gives \$5,040,000 compensation for the signs taken.

In addition to the taking of the signs, there is the question of what damage, if any, is effected upon the remaining signs of a company which do conform to the law. It is estimated that of the approximately 2,000 signs that belong to sign companies that do conform to the law, 40 percent, or 800 signs, will be damaged as a direct result of the Beautification Law and the taking of the non-conforming signs. The damage is caused by a reduction in value of the sign due to the inability of the sign company to relocate the sign along new highways where traffic either has been or will be rerouted because of new highway construction. Even though the sign conforms to the law, if there is very light traffic which passes, it is impossible to sell advertising space on the billboard. Historically in the sign industry such signs have been relocated along the new highway route entirely at the sign owner's expense when traffic patterns changed. As a direct result of the passage of the Highway Beautification Act, along with the comparable State Law on Beautification, this is no longer permitted and has left these signs in the inventory of the sign companies with a greatly reduced value. The degree to which this reduced value affects the sign company varies in proportion to the number of signs it has left in this kind of a situation in relation to its total remaining signs. This is the main cause of the reduced value for the remaining portion of the sign company and its operation, but there are two additional areas of damage.

Many of the sign companies will be left in a situation where geographically it will not be economically feasible to continue operating their remaining signs. It is no longer profitable to send a crew and equipment into an area for service and maintenance of structures with so few signs left in that area, even though they might be located on heavily traveled routes and would appear to be good conforming locations.

The second additional damage incurred as a result of the taking is in the area of overimprovement of equipment and plant facilities. Many companies will be left with far too large an inventory of equipment and sign parts in relation to their inventory of signs. For purposes of explanation, let us compare it to a farmer who owns 100 acres of ground and has equipment enough to operate it, such as one tractor capable of handling exactly 100 acres. Then the highway department decides to run a new freeway through the property and puts an interchange in the middle of it but controls the access to the remaining ground. The farmer can still farm the ground but cannot change its use to something higher because of the access. The highway department takes, for example, 40 acres out of the farmer's total production land. His tractor will still plow 100 acres but now it only has 60 acres to plow. He still needs a tractor but not such a large one. This is the concept of damages based on overimprovement.

As stated before, these three areas of damages or reduction in value will not affect all sign companies the same. For purposes of this testimony, I have very carefully examined one of the larger sign companies in Utah affected in this way and have drawn some conclusion regarding damages to that company. Applying these conclusions to the sign industry as a whole in Utah, the facts indicate a reduction in value equal to approximately 55 percent of the total value of the signs affected. The before value of the some 800 signs affected by the taking is estimated to be \$1,536,000 after depreciation. It is estimated that these signs will be reduced in value after the taking to a total of \$691,200. The difference between the before and after value of these conforming signs in Utah is \$844,800, rounded out to \$840,000. The difference between the before and after is the measure of the damages.

Leaving the area of damages and going back to the sign companies as a whole, the estimated value of the signs taken is \$5,040,000 and the estimated damages to the remainder of these companies if \$840,000 for total "Just Compensation" due the sign companies of \$5,880,000.

Now, let us turn our attention to the 6,500 signs owned by individual advertisers and businessmen, whose principal activity in business is not outdoor advertising but some other field. The average size of these signs in the inventory supplied by the Utah State Department of Highways is 76 square feet of sign advertising space. 6,500 times 76 square feet equals a total of 494,000 square feet of advertising space. As indicated earlier in my remarks, many activities involved in sign company operation are not reflected in the individually-owned signs, many of which are built by the advertiser and are of inferior materials and workmanship. My research indicates that the costs involved in these types of signs reduce down to a reproduction cost new of \$4.62 per square foot of advertising space. Applying this to the 494,000 square feet gives a value before depreciation of \$2,282,280. It is estimated that an average of ten years has gone out of the economic life of these signs and thus they must be depreciated by 60 percent giving a value after depreciation of \$1,114,140, rounded to say \$1,115,000.

It is estimated that this \$1,115,000 is the total value attributable to this area of sign activity; and it is my judgment, after reviewing the facts as researched, that there will be no damages which will accrue to any remaining signs in this area of sign advertising activity.

Last, but certainly not least, it becomes necessary to make an estimate of the value of the property rights of the land owner which are taken with the passage of the Highway Beautification Act. Our Constitution provides that when such property rights are taken, the owner is entitled to receive just compensation for the taking.

The average yearly rental of sign locations in Utah is about \$40. It is evident from our research, however, that about one third of the individuals (rather than sign companies) who own signs along our highways do not pay any land rental. Thus, it seems reasonable to only compensate those who do receive sign rental income. This would leave a total of about 7,835 sign locations which will require that compensation be paid on. In calculating the present worth of these future earnings, it is reasonable to capitalize the income stream for a period of 20 years at an interest rate of 10 percent, which is reasonable in today's market place. Using Inwoods Coefficient table 2, appendix d, one finds a P. W. \$1 factor of 8.514. Applying this to the \$40 per year average lease fee, one gets a present worth per location of \$340.56, rounded to \$340.00.

\$340 times 7,835 sign locations gives an aggregate figure of 2,663,900, rounded to \$2,675,000.

Summarizing all of these figures, we get a total value indicated by the reproduction new less depreciation approach to value of:

Taking of sign company signs-----	\$5, 040, 000
Damages -----	840, 000
Taking of individually-owned signs-----	1, 115, 000
Property rights taken-----	2, 675, 000
Total value of of just compensation for Utah-----	9, 670, 000

Let us now turn our attention to the estimated costs of acquiring these non-conforming signs on the sign-by-sign project method now employed. These estimated costs are in addition to the value of the taking of the 10,000 signs and the damages to the remainder.

1. COURT COSTS

It is estimated, and experience and recent trends indicate, that approximately 50 percent of all properties involved in right of way acquisition initially are condemned rather than settled by negotiation. This is due in total to the RIGID NEGOTIATION POLICY of the Bureau of Public Roads, which allows only a one-time offer, and THE NATURE OF MAN IS TO WANT TO NEGOTIATE. Of the 50 percent which are condemned, research indicates one half actually goes to trial with the other one half either settling out of fear of court or by stipulated judgment.

It is the judgment of the appraiser that if the sign companies are forced to go on a project method approach of acquisition, 100 percent of their signs will actually go to court due to the uncertainty of time involved in getting their money and their inability to convert their assets to some other useful and profitable enterprise. As to court costs as they relate to the non-company-owned signs, I am using some averages between those who will initiate court proceedings and settle out of court and those who actually go through trial proceedings. Es-

timating that 50 percent initiate proceedings and 25 percent follow through with trial, it averages out to 37.5 percent, 6,500 times 37.5 percent equals 2,437 signs, rounded to 2,450 non-company-owned signs.

This 2,450 figure added to the 3,500 company-owned signs equals 5,950 (3,500 + 2,450 = 5,950).

From data supplied in October, 1968, by the Utah State Attorney General's office, we have estimated the average cost of court, judge, jury, recorders, clerks, bailiff, and all court facilities to be \$500 per sign. This is not a cost borne directly by the Department of Highways but is met by the county in which the action is brought. They also report that many counties in Utah have been left with huge deficits due to these condemnation proceedings imposed by highway cases. Applying this \$500 per sign cost to the 4,350 signs involved in court action gives a total of 500 times 5,950 equals \$2,975,000.

2. APPRAISAL FEES

A minimum of \$45 per sign and an average of 10 signs per trial would amount to \$450 per witness. Usual procedure is that two witnesses are necessary for each trial. In addition to the appraisal, the usual rate is to pay \$100 per day for court testimony. The average trial time based on 10 signs being tried is three days. For two witnesses, this would amount to \$600 per trial. Total appraisal fees per trial: \$1,500. \$1,500 times 595 trials equals \$892,500.

The sign company will also require two witnesses at the same rate of \$892,500 for a total of \$1,785,000.

3. ATTORNEY FEES

A minimum of 20 hours of preparation for a three-day trial at—

\$25 equals	-----	\$500
Three days trial at \$250 equals	-----	750
Total cost per trial	-----	1,250
595 trials at \$1,250 equals	-----	743,750

Again, the sign company would have attorney fees amounting to at least as much as \$743,750. Total cost of attorney fees: \$1,487,500, rounded to say \$1,500,000.

4. LEASEHOLD INTEREST OF SIGN COMPANY

Due to the Highway Beautification Act, a shortage of sign locations exists in today's market place. This has created a strong demand for sites and has left a situation in which the present contract rent is well below the economic rent for this area. This has left the sign company owner with a good lease with a definite leasehold interest in the land. Although this interest is part and parcel of the value of the site paid to the land owner, this valuable property right must be terminated between the sign owner and the land owner. Unless agreement can be reached and this interest purchased back by the land owner, this must be done by court action in the condemnation. Experience dictates that this action may well add another \$150 average per sign to the cost of the 5,950 signs it is estimated will be involved in the court action. Total cost, therefore, is estimated to be a minimum of 5,950 times \$150 equals \$892,500. It should be noted that the sign companies will also incur this additional expense and so it is estimated that this figure will double to \$1,785,000, rounded to say \$1,800,000.

5. TAKEDOWN COSTS

If the State of Utah acquires these signs by condemnation proceedings, it will then become the responsibility of the State to take down these signs. Keep in mind that when the highway department acquires right of way for roads, it acquires the entire fee title to the property in question. In this situation, it only acquires the right of the land owner to erect and maintain signs on his property. This gives the highway department no right to enter the property and take down signs which it has bought from someone else. Thus, it would require a temporary work easement in order for the highway department to get onto the property to take down the signs. Evidence in right of way history indicates that this type of an easement would cost a minimum of \$25 per land owner and could very well end up costing \$25 per sign. 10,000 signs times \$25 equals \$250,000.

It is further estimated that on an average it will take a highway crew of four men one day to take out each small sign and fill in the holes left on the property owner's ground and two days to remove the large sign-company-owned signs. A crew of four men, a truck, and equipment would cost a minimum of \$100 per day.

6,500 signs at \$100 equals	\$650,000
3,500 signs at \$200 equals	700,000
Total	1,350,000
Plus work easements	250,000
Total takedown costs	1,600,000

All of this expense can be obviated by cooperating with the sign companies which already have the equipment to take down the signs and the right, by virtue of their leases, to enter the property to do this.

6. ADDITIONAL ADMINISTRATIVE COSTS

Let us quickly review the procedures involved in the highway beautification project method. It should be noted that these procedures cover only the various activities of the State Highway Department and do not in anyway represent what is involved on a Federal level. My testimony does not make reference to any costs involved on a Federal level, as time did not permit me to make a study of this facet of the program.

1. The State Highway Department receives a circular memorandum from the Bureau of Public Roads indicating that funds are available. Two things are indicated in the memorandum: (1) the date funds can be obligated and (2) the date after which State funds will be reimbursed. (Indications are that each year it becomes more difficult for the State to receive reimbursement.)

2. The Highway Beautification Committee meets.

A. This Committee is made up of representatives of the following divisions:

- (1) Planning and Programing Division (two representatives).
- (2) Surveillance Committee.
- (3) Standards and Special Studies Division.
- (4) Pre-Construction Engineering Division.
- (5) Landscaping Division.
- (6) Right of Way Division.
- (7) Bureau of Public Roads.

B. The first function of the Committee is to determine possible areas where projects are most feasible.

3. A traveling committee made up of four members of the Beautification Committee makes a field inspection of selected project areas and makes further recommendations of the proposed projects to the full Highway Beautification Committee.

4. The entire Highway Beautification Committee meets after the field trip, makes a final determination of where the projects will be located, and programs the funds. (Factors which determine the location are not necessarily what is economically logical, pressing, or necessary for beauty. It seems to be the consensus to spend a little here and a little there to make everyone happy. In other words, spread the money very thinly through the six highway districts of the State so that each district gets its "share." There is evidence that no consideration is given to the economic aspects of the sign companies involved.)

5. The Beautification Committee requests a cost estimate from the liaison section of the Right of Way Division.

6. The liaison section sends an agent to the proposed projects. The agent researches the problem and submits to the Beautification Committee a cost estimate of each project.

7. The Beautification Committee receives the cost estimate and makes a final determination of which projects shall be programmed.

8. The planning and Programing Division programs the funds on these projects and sends the proposed projects, cost estimates, and recommendations to the Bureau of Public Roads for approval to proceed.

9. When the Bureau of Public Roads grants approval to proceed, the Programing and Planning Division notifies the right of way design section and requests that section to prepare maps and title work on the proposed projects. Each sign must be located on these maps exactly according to engineer stations along with a

complete legal description of all the property along the highway back to a distance of 660 feet from the right of way line.

10. A highway survey crew is assigned to locate all signs according to the topography of the area and according to the legal description.

11. A title abstractor is sent into the area to run a complete title search, going back at least five years on each separate ownership involved in the project.

12. Upon completion of the field work by the engineers and title men, a squad of draftsmen reduces this information onto maps and completes a field book of the entire project.

13. Right of way design submits the plans to Programing and Planning for approval.

14. The plans are resubmitted to the Beautification Committee for final approval on a State level.

15. The plans are sent to the Bureau of Public Roads.

16. Notification is given to the Right of Way Division to proceed with appraisal and purchase of the project. Keep in mind that any of these Committees or Divisions can return the plans for further work if it is deemed necessary. This delays the project and adds to the cost.

17. The right of way acquisition section is authorized to proceed with the appraisal, negotiation, and purchase of the project. This involves the following steps:

A. Field work

- (1) Obtain proper inventory number from district office.
- (2) Sign inspection.
- (3) Three photos.
- (4) Measure sign.
- (5) Determine lease status.

B. Analysis and evaluation

- (1) Analyze field data.
- (2) Evaluate.
- (3) Prepare narrative report.
- (4) Prepare cost statement.
- (5) Prepare income and expense statement.
- (6) Prepare affidavit of inspection.

C. Correction and final estimate of value

- (1) Compare cost and income statements.
- (2) Evaluate.
- (3) Select approach to be given most consideration.
- (4) Make final estimate of value.

D. Preparation of estimate

- (1) Pencil copy of appraisal.
- (2) Typewritten copy of appraisal.
- (3) Review and final approval by appraiser.
- (4) Signature and notarization.

E. Review function

- (1) Appraisal submitted to reviewer.
- (2) Appraisal reviewed by reviewer :
 - (a) Examination of appraisal report ;
 - (b) On site inspection of sign ;
 - (c) Verification of data used ;
 - (d) Analysis and correlation check ;
 - (e) Adjustments if any ;
 - (f) Approval or rejection.

F. Distribution of appraisal

(1) Copy to BPR. Note: The BPR does not always accept the appraisals. For example, on the Silver Creek Junction Project (No. I-15-4(3)135), the entire 72 original appraisals which were on the recommended short form were rejected by the BPR who requested a revised and more specific short form. At their request new appraisals were prepared. The BPR subsequently requested a third appraisal on the long form (which added up to 11 pages of special material on each sign) prior to approval. With pencil notes and copies, each sign required in excess of 50 pages of appraisal information. Fifty pages times 10,000 signs adds up to an aggregate of 5,000,000 pieces of paper filled with detailed information. Obviously,

it is appropriate to assume that due to human error in areas of spelling, typing, and miscalculation, as well as wasted pieces of paper and lost time and effort, also constitute a substantial cost. Project Nos. I-80-4(3)135 and I-15-7(19)315 are not exceptions. Duplication of appraisals is typical of my subsequent experience on projects to date.

- (2) Copy to file.
- (3) Copy to negotiation department.

G. Negotiation

- (1) Enter copy of receipt of appraisal in log.
- (2) Prepare an offer to purchase.
- (3) Contact sign owner for appointment.
- (4) Make offer to sign owner.
- (5) If offer accepted, prepare right of way contract.
- (6) Right of way contract submitted to sign owner for signature.
- (7) Completion entry made in negotiator's log.
- (8) Settlement summary prepared.
- (9) Signed contract is approved and signed by :
Negotiator ;
District engineer ;
Negotiation supervisor ;
Administrator of right of way division.
- (10) Documents submitted to finance department for payment.
- (11) Alternative if offer is not accepted :
(a) Negotiator prepares written request for condemnation.
(b) Negotiation supervisor processes request for condemnation.
(c) Attorney General's office receives copy of request and prepares condemnation resolution for appropriate court action :
(1) Resolution signed by Chairman of State Road Commission ;
(2) Obtain a place on calendar of Law in Motion day ;
(3) Hold hearing in district court and obtain order of immediate occupancy ;
(4) Trial date to be established by judge and attorneys. (This usually takes many months and sometimes years. State required to pay 8 percent interest from date of occupancy until settlement.)
(d) Right of way design secretary receives copy of request for condemnation and prepares special trial maps ;
(e) Right of way design also prepares special trial maps and displays when requested by Attorney General's office ;
(f) Entire appraisal procedure is repeated for court.

In terms of dollars and cents, this needless duplication of effort and vast administrative nightmare reduce down to the following costs :

25 extra right of way personnel, 4 years at \$10,000 per year-----	\$1, 000, 000
12 extra design personnel, 4 year sat \$10,000 per year-----	480, 000
Office overhead, 37 employees at \$100 per month per employee-----	177, 600
18 additional cars at \$100 per month, $1,800 \times 12 = 21,600 \times 4$ equals-----	86, 400
Total additional administrative costs-----	1, 744, 000
Rounded to say-----	1, 750, 000

In summarizing all of the costs of the sign-by-sign project method of implementing this Highway Beautification Act, I would like to itemize separately the aggregate amount for each of the items mentioned :

Court costs-----	\$2, 975, 000
Appraisal fees-----	1, 785, 000
Attorneys fees-----	1, 500, 000
Leasehold interest of sign companies-----	1, 800, 000
Takedown cost-----	1, 600, 000
Administrative costs (State only)-----	1, 750, 000

Total cost of sign-by-sign project method----- 11, 410, 000

This enormous administrative cost is all in addition to the value of the just compensation. It is worthy to note at this point that an additional amount of money should be added to this administrative bill which will accrue to the value of the taking of the signs if the single-contract method is not employed. With inflation as it is and current costs skyrocketing as they are, it is mandatory to add another

8 to 10 percent to the value of the taking for time adjustment, a cost which can be eliminated if contracts are entered into which will fix the liability of the Government in this regard. Depreciation will offset some of this cost, but we are left with a net time adjustment of about 5 percent per year. Applying this to the \$9,670,000 for the taking, it amounts to a total of \$483,500.

Adding this to the total administrative cost of-----	\$11, 410, 000
	+483, 500
	11, 893, 500
Rounded to say-----	11, 900, 000

Gentlemen, I believe the facts speak for themselves. We are talking in round figures of \$22,000,000 to implement this Act in Utah on the present method of sign-by-sign projects. We are talking in round figures of \$10,000,000 by reaching out into businesslike methods and implementing this program by the use of a single-contract method of purchasing these signs, damages, and property rights. The evidence is clear; and in this country of vast resources and hundreds of billions budgeted each year by the Federal Government, one might be inclined to say that \$12,000,000 is hardly worth mentioning. But, gentlemen, if we expect to save billions in our total Federal budget, we must be willing to start with this seemingly small, inconsequential \$12,000,000. For, as the saying goes, "It is with small strokes that we fell giant oaks!"

SUMMARY

ESTIMATED VALUE OF JUST COMPENSATION BASED ON A SINGLE-CONTRACT PURCHASE METHOD

Non-conforming signs owned by outdoor advertising companies-----	\$5, 040, 000
Damages to their remaining conforming signs-----	840, 000
Non-conforming signed owned by individual advertisers-----	1, 115, 000
Damages to their remaining conforming signs-----	None
Acquisition of property rights of land owners-----	2, 675, 000
Total value of just compensation for Utah-----	9, 670, 000
Rounded to say-----	10, 000, 000

SUMMARY

ESTIMATED VALUE OF JUST COMPENSATION BASED ON THE SIGN-BY-SIGN PROJECT METHOD

Court costs-----	\$2, 975, 000
Appraisal fees-----	1, 785, 000
Attorneys fees-----	1, 500, 000
Leasehold interest of sign companies-----	1, 800, 000
Takedown costs-----	1, 600, 000
Administrative costs (State only)-----	1, 750, 000
Time adjustment to value of taking-----	483, 500
Value of taking-----	9, 670, 000

Total estimate of implementing Highway Beautification Act using the sign-by-sign project method-----	21, 563, 500
Rounded to say-----	22, 000, 000

Senator Boggs. Thank you very much, Mr. Francis and Dr. Wimmer.
Senator Packwood?

Senator PACKWOOD. I have no questions. I think you have covered it in your testimony, and as I have been reading through it while you have been testifying, you answered most of my questions. But how do the large firms benefit? I don't quite see why they should benefit to the detriment of a small advertising firm.

Dr. WIMMER. If regional and small local firms are driven out of the industry, large national firms benefit through the lessening of competition.

Senator BOGGS. At the same time, the large firms are suffering the same decline in business, aren't they? The Government isn't just picking on the small firms in the application of the beautification law?

Dr. WIMMER. It has been our observation at least in the Intermountain West, that the large firms have continued to build signs and are building them in nonconforming areas.

Senator BOGGS. I don't see how a law could be so applied. It should be applied the same to the small firm as to a big firm.

Dr. WIMMER. I think there is some question in the minds of the national firms as to whether or not this bill will ever be implemented. As stated in my testimony, we don't have their records and therefore we are not able to say precisely what has been happening here. But we do know that their signs are increasing in number and in size while the number of signs of regional and local firms is falling.

Senator BOGGS. Is it your testimony that the law is beneficial to the big firms and damaging to the small firms because the application is only to the small firms?

Dr. WIMMER. No, the "application" is to both, but the large firms seem to be ignoring the act, while the small firms in Utah are complying. Also, the small firms are not able to withstand the severe economic damage they have suffered. They are being forced to sell at a fraction of their value.

I have a copy of an offer in which the buyer admits to a replacement value of \$360,000 but the offer is for only \$30,000.

Senator BOGGS. What is Utah's criteria for nonconforming signs? Is it different from that of other States?

Mr. FRANCIS. I think I can answer that. It conforms to the Federal act as far as spacing and zoning. I think the question is raised; would be funding these companies to expand in the zoned areas; and I think the answer to that question is no, because of the spacing requirements.

There are only so many locations and they must be spaced so far apart and so I think this is the answer to your question.

Senator BOGGS. Has there been a decrease in the effectiveness of outdoor advertising, which would have some effect on the smaller sign companies. Or would it affect all of the companies, small or large, but the smaller sign companies are noticing it more readily because of their size?

Dr. WIMMER. The smaller companies haven't the resource base or the diversification to draw upon that the large companies have. In many cases national companies are part of a larger holding company.

Senator BOGGS. On these fast-moving highways, do you think that a highway sign is as effective as it used to be when you were traveling along at 30 miles an hour? When you are traveling at 60 or 70 miles an hour today, you can't get much of a glimpse of a highway billboard.

Mr. FRANCIS. There are certain companies, talking about advertisers now, who solely depend upon outdoor advertising, and when we take this medium away, they are virtually out of business, the small motel operator and this type of person.

This is the only way they can afford to advertise their product. I think as the law of supply and demand wherein the locations are lessened goes on in time, these people are also going to be forced to turn to another medium.

Dr. WIMMER. As far as the effectiveness of advertising, I think you will see advertisers move toward larger and larger signs. The jumbo sign, I think, is the sign of the future.

Senator BOGGS. Senator Packwood.

Senator PACKWOOD. I have no questions.

Mr. FRANCIS. The question was asked in Senator Moss' testimony I think regarding the penalty imposed upon the States.

Senator PACKWOOD. I have discovered it since.

Mr. FRANCIS. 10 percent.

Senator PACKWOOD. Which has never been put into effect.

Mr. FRANCIS. Right, but this was the inducement at the time.

Senator PACKWOOD. Which was to expire on January 1st, 1969, and the Secretary has apparently by administrative fiat simply not put it into effect.

Mr. FRANCIS. I wanted that brought out.

Senator BOGGS. As I understand it, up to the present time there has been no money appropriated to implement this.

Mr. FRANCIS. There has been some.

Senator BOGGS. We just got a report that there was none.

Mr. FRANCIS. In the exhibit I showed you the money had been appropriated and approved for that.

Senator BOGGS. Thank you. Senator Cooper has some questions.

Senator COOPER. I didn't hear the testimony. I was in another committee. I have read Senator Moss' testimony and also talked to him about this and I understand that Utah has made contracts with the major advertising companies.

Mr. FRANCIS. Yes, that is correct. The contract has a clause contingent upon Federal approval and Federal funds being available.

Senator COOPER. There are no funds available to execute the contract. What is the total of the contract made?

Mr. FRANCIS. I believe the amount was about \$1,300,000.

Senator COOPER. Could all of the signs of the major companies be removed?

Mr. FRANCIS. Not all companies. This was an experimental basis.

Senator COOPER. How many?

Mr. FRANCIS. There was one company.

Senator COOPER. Do you know what percentage of the total of the signs that would represent in the State?

Mr. FRANCIS. I am just guessing now without having a contract in front of me. I think that there were about 350 signs involved, if I remember right, out of a total of 3,500; in other words, about 10 percent of the signs.

Senator COOPER. I believe what Senator Moss is proposing would be a good thing, to select Utah or some other State as a pilot State and give an idea of what it would cost to remove the signs and compensate the owners and also see how it works, discover if this is a good procedure rather than the condemnation or purchasing sign by sign. Is that the real thrust of your testimony?

Mr. FRANCIS. Yes, I believe it is, and I believe that Utah certainly wouldn't cause any delay in proceeding because they are ready to go.

Senator COOPER. They have made a good start. I think it is worth considering. We are not getting any money for removal of signs and for the payment of the owner. I don't know what will be proposed

this year, if anything, but I know in the last bill we had it was just terribly difficult just to maintain the administrative facility and personnel. I think this is worth considering.

Mr. SNARR. Thank you, sir.

Senator COOPER (presiding). Do you want to ask any questions?

Senator PACKWOOD. No, but I want to make a statement, because we have six witnesses to go in 10 minutes.

I have read your testimony, and all the other testimony that has not been given. I think your program is first rate. I think the idea is first rate.

STATEMENT OF DOUGLAS T. SNARR, PRESIDENT, SNARR OUTDOOR ADVERTISING, SALT LAKE CITY, UTAH

Mr. SNARR. Thank you, sir.

Senator PACKWOOD. I think the only disagreement we may get into in terms of philosophy regards some of the signs that were erected after the effective date of the act, but before the effective date of the State act. Is the Federal Government going to pay for them, or regard them as some sort of a back-door entry into the Federal Treasury?

In the program that you talked about, the signing of the contracts can be entered into under the existing law, and yet there is not enough money to carry out the contracts, which is why this has to be passed.

The worst thing, from your standpoint, that would happen, would be to have the terminal dates on these laws extended every 2 years, making a perpetual state of limbo.

Mr. SNARR. Just place yourself as an owner of a small outdoor advertising sign company. Who are you going to hire? What kind of a future are you going to offer your sales manager? What is he going to sell?

Senator PACKWOOD. You are in a preposterous position, I agree.

Mr. SNARR. We are just completely ruined.

Now, the question was asked, how are the giants able to take advantage. Well, a big sign company with good resources any maybe other diversified lines of endeavor can offer his men a future, but I cannot.

Senator PACKWOOD. Let me ask you something. It is unrelated to this, and I want it for my own information.

Did not Vermont outlaw billboards in its legislature last year?

Mr. SNARR. Yes.

Senator PACKWOOD. What is the method of compensation there, on a sign-by-sign basis and on a condemnation basis? Is it a contract with companies for the whole lot, and is it all signs?

Mr. SNARR. As I understand, they outlawed all outdoor advertising signs, and I am sorry that I have not gone into their problems. I have pretty much confined my effort to the State of Utah, and some of the other States nearby.

Senator PACKWOOD. Go ahead.

Mr. SNARR. I know that we are running low on time. I understand that outside of me that the rest of the people who are going to testify can tomorrow morning, and we sure want to, because we have some slides, and we have many things we would like to show.

We have come here from Utah, and we are just little tiny and medium-sized highway sign companies, and it cost us a lot of money, and we have exhausted most of our resources conforming to the highway beautification program, so we really want to be heard.

Mr. Chairman, this is the biggest thing in my life, to come here and to talk to you. I have been dreaming about it, and so I just want to be heard. But if you will just bear with me, I will make it as fast as I possibly can.

Hon. Chairman Jennings Randolph and the members of this committee: The great cry of our day, which echos in nearly every corridor, is, "Tell it to us like it is." This exclamatory outcry, which was first heard among the youth of this land, symbolizes in a great measure the experiences that I have had in many governmental quarters when highway beautification and its many ramifications are considered.

The cardinal question that faces the hundreds of small highway sign companies, is, "Can we take the Government at its word?" For example, can we in Utah and the many other small sign companies throughout this country who are aware of these hearings today believe in the 1965 Highway Beautification Act which was recommended to the U.S. Senate by this committee and passed by the Senate by a majority vote; recommended to the House of Representatives by the House Public Works Committee and passed by a majority vote; and signed into law by the President of the United States on October 22, 1965? Can we believe in the Utah Highway Beautification Compliance Act of May 9, 1967, which was passed under the inducement of the Federal mandate? Pursuant to the Federal mandate and the Utah State Compliance Act, the Governor of our State signed an agreement * * * a contract * * * with the Secretary of Transportation on January 18, 1968. Can we act in reliance to the stipulations and intent contined in these three governmental documents * * * the Federal statute, the State compliance act, the agreement (contract) binding he Federal and State governments?

Can we make business decisions affecting our destiny and the destiny of our few remaining employees knowing with complete confidence that the congressional mandate, coupled with the great seal of the President of the United States and the great seal of the Governor of Utah, will not stand as a mockery because the U.S. Government failed to live up to its word and adequately fund the beautification program?

We here today have respected these three documents as the law of the land and have altered and ordered our lives to conform to the spirit, the intent, and the mandate of the Highway Beautification Act of 1965, and at great costs and great personal sacrifices.

But now let me tell you "how it is." And, then will you in turn tell me "how it is"?

Because of the 1965 law, my first major decision was to stop building signs in rural scenic areas. We have built no billboards outside of an industrial or commercial area since October 22, 1965. During 1965, we built more new billboards than any other sign company in the intermountain area. In the previous 6 years, we built 1,600 signs in 13 States; 1,200 of those 1,600 signs were made nonconforming by the law.

That decision did not come easily. It was excruciatingly painful and the most disturbing decision of my life because it thrust upon

me the agonizing experience of calling into my office one at a time 48 loyal, capable, highly skilled and trained men and telling them "how it is." Our staff dropped from 61 to 13 employees; and the dreams, hopes, and aspirations I had cherished since childhood were shattered and dashed to the earth.

This trauma caused me to reflect and then ask, "How could I have averted this decision and still have abided by the law? How could I have continued to expand and to maintain the services of those 48 loyal, valuable employees?"

I reasoned that we could build more signs within commercially and industrially zoned areas, but commonsense proved this unrealistic because there are not enough available locations in the Intermountain West inside the towns to sustain the growth momentum of our company. All Salt Lake City needed was 20 or more billboard companies filling the town with hundreds of more signs. The net effect would be new restrictive sign ordinances. Something had to give. Prudence and caution were needed.

I further reasoned that we could diversify. We could continue the momentum but redirect our energies, assets, and our efforts into another commercial venture. In this way we could remain as an economic unit, grow and expand, and still abide by the beautification law. This was thrilling. New visions of opportunity opened unto me. I felt myself enthusiastic all over again. I could rehire those 48 men and retrain them. Together, all of us could succeed all over again.

Then the hardest of all realities became my bitter pill to swallow:

1. Most of my stockholders wanted out. This meant a depletion of capital. Hours were spent in lengthy explanations.

2. With the passage of the Highway Beautification Act, the banks all of a sudden knew how it was and called our \$600,000 note due and payable within 30 days. The reason given was, "The future of outdoor advertising is too uncertain."

I explained, "Now is the time to diversify. Our assets which in most part consist of 1,600 well-built, well-maintained, income-producing sign structures are recognized as tangible improvements, compensable under the laws of eminent domain taking of property. Congress, in its wisdom, has stipulated unequivocally that just compensation will be paid for the right, title, interest, and leasehold at the time of taking and that the statutory deadline is July 1, 1970."

The answer, "Mr. Snarr, we will believe it when we see it." Furthermore, the banks reasoned, "How much compensation? How and when are they going to pay it? Sign by sign? Here a little, there a little over the next 50 years? Or none at all?" I was told how it is: "You can't diversify until this loan is paid off." I was locked in; and my once good, solid collateral was frozen and now highly questionable—once again, because of the passage of the Highway Beautification Act.

I went to the various State agencies in whose districts we have signs located and asked them to tell me how it was. They were unable to respond. They did not know what was happening or what was going to happen, what just compensation was for signs, how it was to be determined, how it was to be paid, when it was to be paid. From countless conversations with State officials throughout the Intermountain West, I concluded, I have a problem, but they also have a problem. The problem is simply that there is no plan. There is no method of implementing

the beautification program on a simple, reasonable, equitable, just, and logical basis. It was a case of motion lacking movement.

I was motivated to try in some way to help alleviate the confusion and, above all, to remove the terrible conditions which were strangling the smaller highway sign companies.

From those numerous meetings with various State highway officials, advertisers, conservationists, and sign company owners, I began blending the pieces and ultimately conceived a method, a system, by which the highway beautification program could succeed. This success could be attained within the framework of the existing Federal act, the various State compliance acts, and the various agreements.

On April 13, 1967, I presented this plan to the Subcommittee on Roads of the House Public Works Committee. I had a resolution from the Utah Council of Outdoor Advertisers endorsing our plan and allowing me to be a spokesman for the sign companies in Utah. All of the sign companies enthusiastically endorsed the plan with the exception of one gigantic national sign company. The national company did not disagree with our concepts but with the basic premise: "Is there or is there not a law?" Therefore, we were told, "Endorsing the 'Snarr plan' ostensibly endorses the Highway Beautification Act. Our objective is to prevent implementation." This reminded me of Dryden's words: "When the case goes bad, the guilty man * * * excepts (takes exception), and thins his jury all he can."

"How it is" with a few gigantic sign companies is not "how it is" with the hundreds of little- and medium-sized highway sign companies. It is clear—beautification without implementation and just compensation will be our disastrous ruin. Beautification with delay upon delay, studies, debate, changes, more debate, more studies, and further procrastination will be a momentous victory for the national giants.

The fastest way to "thin the jury" and insure immortal deferment for the sign removal section of the highway beautification program is to throw open the question circumscribing scenic roads. For example, what rural roads should be classified as scenic and, hence, no signs allowed? Conversely, what rural roads should not be classified as scenic and, hence, signs allowed?

"Scenic" connotes beauty. Therefore, we are dealing with a most subjective subject, perhaps the most subjective of all subjects. The views will vary according to the myriads of individual value systems and according to the kaleidoscope of tastes, aspirations, and fascinations that flow from nearly 200 million citizens, who, each in his own way, has his own private interpretation of the phenomenon.

We have already passed over that bridge, and the decision has been rendered to allow outdoor advertising only in areas zoned commercial and industrial. This is the law. A continuation of the beauty or scenic roads argument settles indubitably only one question: the certain castigation and demise of the many small highway sign companies.

Highway beautification without implementation and just compensation for nonconforming signs will create a handful of big highway sign company monopolies.

It also will multiply many times over the problem which gave birth to beautification—the problem of blight. Once the power within the sign company to maintain and service its signs has been destroyed,

rotting and wasting take place—spreading the blight to greater extremes.

Just within the last 60 days, one governmental employee told me, "This is the way to have highway beautification without just compensation." How naive that man is, for he has not thought the problem through; and the problem is astronomical.

The problem is getting out of control. The sign company can be destroyed, but the signs still remain. Time marches on and the signs deteriorate at a rapid pace. Without maintenance, they fade, the paint peels. They lean, bend, and become the victims of their environment.

In the intermountain area, many of the advertisers who build, paint, and maintain their own signs have stopped investing funds into the maintenance of their rural highway signs because according to law, the signs will have to come down. Therefore, the blight has accelerated. I have some examples to show you.

Many of the sign companies, whose signs were covered by outdoor advertising contracts which have now expired, find it unprofitable to enter into new contracts because there is not sufficient time to amortize out the initial costs and realize a profit. It is difficult to deal with many customers who were once "sold" on highway sign advertising. Because of the act, they have shifted their advertising funds into other advertising media and have acquired sign locations in commercially and industrially zoned areas.

The sign company owner does not want to take the signs down because of the fear of losing compensation. Yet, he cannot afford to maintain them. The inevitable consequence is blight.

You see, the problem of the sign company owner is not a geographical one, but a chronological one. How much better it would be to synchronize with the State the takedown dates with the expiration dates of the advertising contracts and to have the sign companies use their own equipment and manpower to remove the signs. I have gone on record as saying we would remove our signs on such a basis even without immediate payment if we could be assured that the sign removal section of the Beautification Act would be funded within a reasonable time.

I have some more slides to show you.

It is imperative that a pilot project be immediately initiated to determine the most practical and feasible method to implement the beautification program, such as I have developed with the help of many governmental employees from many different quarters. The so-called Snarr plan has been explained in detail here today, so I will not indulge in repetition. Subsequent to the findings of a successful pilot project program on a per-company, per-advertiser, single-contract buyout method, the most economical funding procedure could be developed. This will take a coordinated effort among the Department of Transportation, the Bureau of the Budget, and the Congress to solve a problem today at a reasonable return on the taxpayers' investment rather than procrastinating and eventually being forced to solve it when beautification has reached scandalous proportions. Delay will make the whole program a farce—a joke. And Congress, who passed the law, will stand as the joker.

Who will have to pay up—the small- and medium-sized sign companies who have abided by the law. Those of us who operate in States

with compliance laws and agreements have lost our flexibility to continue our business. We seek a solution through Government and industry cooperation. An apparent tragedy can be converted into a sublime example of all of us pulling together. Senator Moss' bill provides the opportunity to cultivate this positive relationship.

I admit that the big highway sign companies will oppose because they want to "thin the jury" and prevent implementation.

In no way will they be hurt financially, but rather their long-range objective will be deterred. I urge the giants not to be greedy and not to take advantage of the circumstance created by the Beautification Act.

I urge this committee to recommend legislation authorizing appropriations of \$20 million for highway beautification for fiscal year 1971. This is \$10 million less than the administration recommended through Mr. Francis C. Turner, Administrator, Federal Highway Administration, during his testimony to the Subcommittee on Roads of the House Public Works Committee on May 20, 1969.

I recommend that this money be spent in a manner which solves the most critical problem incidental to beautification. How many junkyard operators have testified that because their junkyards have not been screened or relocated, they are going bankrupt? Not one. How many nursery operators have testified that because they have not sold enough trees to the Government for highway beautification, they are going bankrupt? Not one. This committee is fully aware that the small highway sign company has been irreparably damaged. Many are insolvent, and others are in the process of losing everything.

This committee should solve first things first and recommend for authorization a minimum of \$7.4 million for control of outdoor advertising under section 131 of title 23. Five million dollars would be spent on the pilot project and, as nearly as I can tell, \$700,000 to \$1 million would be given to those States who qualify under the 1958 bonus bill beautification program. The balance would be used to keep the beautification program alive. For junkyard control (sec. 136), \$3.6 million should be given and \$7.8 million for landscaping and scenic enhancement (sec. 319(b)). I also recommend the authorization of \$1.5 million for administrative expenses required to carry out of the beautification program for that fiscal year.

An outdoor advertising sign represents an investment of capital. The transcendent reward of invested capital is America herself. It is to no one's advantage—the State, the motorist, the sign company owner, the advertiser, the property owner—to allow invested capital (signs) to rot. The only just solution is for the Congress and the Department of Transportation to stop the wasting of capital by permitting the highway sign companies to convert their fixed assets, such as signs, into a liquid asset, such as cash, bonds, or some other negotiable instrument. This would allow the signs to be removed; the motorist to enjoy the beauty; and the sign company (the tax-producing economic unit) to reinvest, to remain intact, and to diversify its assets into another line of endeavor and to promote the continued entrepreneurship which created the capital in the first place. We want to continue contributing to the country on a positive basis.

Above all, I believe this Government will take the step from know-

ing to doing and demonstrate once again, as it has done repeatedly throughout its history, that it does matter in that moment when the rights and conscience of an individual are threatened. This is the inspiration of America. She cares for her people.

I have told you "how it is." Now, will you please tell me "how it is"?

Mr. Chairman, if you have some time, I have some examples I would like to show you on the screen. Do we have the time?

Senator COOPER. Do you intend to be here tomorrow?

Mr. SNARR. I will be here as long as you say.

Senator COOPER. I would be glad to see them, but I would like a larger number of the committee here.

Mr. SNARR. That would be wonderful. Why don't we just close here right now and I can carry on tomorrow.

Senator COOPER. Somebody else might be here who wants to testify and get away. I would like to find out. I am fairly well acquainted with the act. In fact, I have been its sponsor year after year for many years.

Mr. SNARR. It is a good act.

Senator COOPER. The situation we are in is this: This committee did bring out the original act and it brought out amendments to the act. With quite hard battles they have been passed in the Senate and the House. Then the matter of appropriations becomes an issue. This committee has no authority to appropriate funds. We can authorize funds but the question of appropriations goes to the Appropriations Committee. They just have not appropriated any money.

As I understand the position of Utah and also your personal position, and the position of many just like you, the State of Utah, relying upon the passage of the act and the agreement of the Governor of Utah to come into conformity with the act, as I understood the previous witness, the State of Utah went out and entered into agreements with a number of companies or at least one company to pay for the removal of their signs. Now they have no money to execute that contract, is that right?

Mr. SNARR. Right.

Senator COOPER. What I don't understand is this: Considering the small amount that has been appropriated since 1965, the small amount that is available to the States that is apportioned among the States, and looking at the tables that have been provided, it seems that the total that has been apportioned to Utah from very small appropriations for outdoor advertising is only \$65,000.

Did the State obligate itself to pay this money for the removal of the signs, which was stated to be about \$1 million?

Mr. SNARR. No. The contract is contingent upon Federal funds. Mr. Chairman, by way of background the sign company submitted it's company as a test after it was approached by the State after then the State sent in their appraisers to determine a value as to the total award of the nonconforming signs. The sign company realized that as the contracts covering its nonconforming signs expired that it could no longer go back to the advertisers and legally enter into other contracts because of the statutory deadline date.

For example, you need about 3 to 4 years on an outdoor advertising contract to amortize out your costs and realize a profit and we couldn't

go back to our customers and legally enter into advertising contracts with these advertisers once again because of the statutory deadline date. We had to be honest with our clients and tell them about the beautification bill and that those signs which are nonconforming might have to come down. Therefore, the advertisers looking ahead had to start shifting their advertising into other forms of media.

Now, what does the sign company do when there is a vacant empty sign out on the highway? That sign starts to rot and peel and fade. It is a valueless asset because the asset cannot be made to work to return money. What we have suggested and all the other sign companies want, and is in the best interest of the motorist as these advertising contracts expire, to start to remove those signs. The problem for the sign company is not a problem of geographics but conversely it is a chronological problem.

So therefore, Senator Cooper, what the proposed contract between the sign company and the State of Utah says is that the sign will be taken down as the advertising contract expires covering the signs and the sign company will gamble on Federal funds being appropriated.

Now the alternative to that is for the sign company to continue to pay ground rent to the property owner. The sign company receives no rent out of the sign so obviously it is better for the sign company to take the sign down. What we are urging is that some kind of a program come forth and we recommend you consider Utah for she has the answer.

Beautification is not as complicated as the big national giants indicate. Beautification is not as complicated as one might think, and beautification can gain the support of most of the sign industry. Particularly the small- and the medium-sized highway sign companies.

What we need is a demonstration of success and then you can build upon that success, not through studies and debate but through a pilot program. The State of Utah working with the sign industry has worked out all of the contingencies and all of the problems. The State stands ready to act under its agreement with the Secretary of Transportation. The sign companies with the exception of just one large national sign company, are ready to proceed. We want this opportunity to show to the Nation and the Congress how to have successful highway beautification and sound economics. Our program has the cooperation of everyone involved, advertisers, conservationists, sign companies, and the State. Let's go.

Senator COOPER. I understand. I think your proposal makes sense, particularly if nothing is being accomplished the other way.

Mr. SNARR. That is a good analysis. Something is better than nothing.

Senator COOPER. This is one of the good suggestions that has come. I talked with Senator Moss before, so that I knew what he intended, but you are a sign man yourself, aren't you?

Mr. SNARR. I built my first billboard when I was 17 years of age to try to earn enough money to work my way through college, and that is all I have done. So I love the sign industry. But I am a young man of 34 and I realize that I have got a future ahead of me, and I don't want to be saddled into a fixed, frozen situation where I can't be of any real service to the community and I can't contribute to society.

I am a businessman. I want to diversify and build another company. So I want to take and have the assets, that is the nonconforming signs

converted from a fixed asset into a liquid asset so that we can reinvest the capital back into the community and continue contributing. It is just that simple. We are entrepreneurs. We create jobs and pay taxes.

Senator COOPER. I understand your position. I think it is a good one, worthy of consideration by the committee. I will say it is better than anything we have gotten. We haven't anything else except an agency.

Mr. SNARR. May I say another thing here?

You know, Senator, when the bill was passed, I could have either been negative and tried to find fault with highway beautification or be positive and try to help make it work. I have chosen the positive course.

Senator COOPER. I know it. What is the State of Utah doing about its interstate highways? There were not any signs there?

Mr. SNARR. Well, frankly, the State with its limited amount of funds—

Senator COOPER. Do they permit the signs on the interstate highways?

Mr. SNARR. Some of the big giants have come in and flaunted the law and built signs. We have had many meetings of the Utah Sign Council which consists of the major and minor sign companies in Utah and I specifically told these big national companies, "Don't do it. You are only going to cause trouble." And now the big companies have been issued notices to remove those signs. The State of Utah is resolved to have an equitable beautification bill.

Now, the small sign companies were in an uncompetitive position, we couldn't have even taken the chance of building signs of the interstate system because we would have had to go and borrow the money from the banks to build the signs, and who is going to lend money on that kind of shaky ground? But the big companies have the capital to gamble. I believe the State of Utah will solve that problem. However I will qualify that statement and say that if this committee does not act and authorize sufficient funds to give meaning to title I of the 1965 Beautification Act then the State will not be able to solve that problem. We have got to have authorizations so that the people in Utah know that the Congress means business or in my judgment the whole beautification program will collapse.

Two and a half years of beautiful cooperation with the sign industry, the people who live in Utah, the local people in Utah, the sign companies in Utah, the Utah sign companies and the sign companies living nearby like in Colorado and other States, the people who really care about our area, those people are for beautification provided that there is just compensation so that they can maintain their dignity and not go through the terrible disgrace of bankruptcy.

Senator COOPER. I do want to see your slides. Let me see the names of these witnesses.

Mrs. Charles Cram and Mr. Bob Godwin. Do you have to testify today?

Mrs. CRAM. No, tomorrow will be fine.

Mr. SNARR. They have good testimony. You will love them.

Senator COOPER. Do you desire to testify today or tomorrow?

Mrs. CRAM. Tomorrow will be just fine. It is at your convenience. We would prefer tomorrow.

Senator COOPER. How about Mr. Grant Wilkins?

Mr. WILKINS. Tomorrow is fine.

Senator COOPER. Mr. Louis W. Gragg?

Mr. WILKINS. He will not be here.

Senator COOPER. Mr. J. B. Martin?

Mr. MARTIN. Could we do it tomorrow morning by 12, Senator Cooper?

Senator COOPER. It has been set for 10 o'clock tomorrow morning.

Mr. MARTIN. Tomorrow will be fine.

Senator COOPER. That is satisfactory with the witnesses who are here. You may wait or, if not, I will hear you today. I hope we will have more members here tomorrow. You have come a long way.

Mrs. CRAM. And we want to be heard.

Senator COOPER. I think you should be heard. Why don't you show your slides tomorrow then, too?

Mr. SNARR. You are all right, Senator. We will be here tomorrow. Thank you.

Senator COOPER. Thank you.

We will adjourn until 10 o'clock tomorrow.

(Whereupon, at 12:15 p.m., the subcommittee recessed, to reconvene at 10 a.m., Wednesday, June 18, 1969.)

HIGHWAY BEAUTIFICATION

WEDNESDAY, JUNE 18, 1969

U.S. SENATE,
SUBCOMMITTEE ON ROADS OF THE
COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee met at 10:10 a.m., pursuant to recess, in room 4200, New Senate Office Building, Senator Jennings Randolph (chairman) presiding.

Present: Senators Randolph, Jordan, and Cooper.

Staff present: Richard B. Royce, chief clerk and staff director; and Barry Meyer, counsel.

The CHAIRMAN. Good morning ladies and gentlemen.

Mr. Spooner, would you be our first witness? The second witness will be our colleague Senator Hansen, but he has to appear before another committee and he will be here later.

We are gratified at your presence, Mr. Spooner. You may identify yourself by name, the organization you represent, and you might talk about the organization for a few moments if you desire as well as give your testimony.

STATEMENT OF PAUL SPOONER, JR., GENERAL COUNSEL, ROADSIDE BUSINESS ASSOCIATION

Mr. SPOONER. Thank you, Mr. Chairman.

I might say, Mr. Chairman, it certainly is a pleasure to be here. It seems as if we are old friends and I believe we have been here ever since 1965.

Mr. Chairman and members of the subcommittee, my name is Paul L. Spooner, Jr. I am general counsel for Roadside Business Association, 1430 Dain Tower, Minneapolis, Minn., and have been designated by it to state its position in support of S. 561 and in opposition to S. 1442.

Our members are sign companies which erect and maintain signs in rural areas. We also have manufacturers who manufacture signs for that purpose, and we have a number of advertisers who use signs in rural areas including some 5,000 members of the Motel Association of America, which is an affiliate of RBA.

In other words, our interests lie exclusively in rural areas. That is the crux of our presentation.

We are speaking for signs in rural areas.

Addressing myself first to Senate 561 the moratorium bill, I am sure that you know what it means. It would, as you know, amend section 131, the outdoor advertising section, in a subsection to change

the date by which States must under pain of the 10 percent penalty pass a law in compliance with section 131 from January 1, 1968 to January 1, 1972.

It would also similarly extend other related dates.

Let's get right into the guts of the thing. Precisely what have the States said? I think the States are entitled to be heard, for certainly the States are on the local level. They know the needs of their constituents, they know the topography, and they also know very, very definitely just exactly how much beautification they can afford to pay for.

Thus, with this background, I might state that at least 38 of the 48 continental States by their refusal to comply have clearly proclaimed their dissatisfaction with the outdoor provision of the Beautification Act, or with the provisions as thus far interpreted by the Federal administration, and are now in noncompliance.

Thirty-eight out of the 48 continental States. This massive resistance is evidence, is symptomatic of something seriously wrong with the beautification program, it seems to me.

At our prior hearings we have discussed the unworkable and unfair aspect, the impact of the act on signs in rural areas. Now we have the stark, bare fact that the States are not accepting the program.

Further, it is clear that the position of the States is based on the near elimination of about 90 percent of rural signs under the Federal act as thus far interpreted, for displays, as you know, within cities are almost totally untouched by the act.

I would call your attention to exhibit 2 attached to our statement. Cities in distinction to rural areas are almost totally untouched by the act—if you will note, again, this is shown in exhibit 2—since rural signs because there is not much actual zoning in the country, have to depend for survival on unzoned commercial and industrial areas, that part of the law which says that the permissible areas shall be determined by Federal-State agreements.

The chasm between the States and Federal Highway Administration relates necessarily to the Federal-State agreements defining such areas.

What is the answer? Here we are confronted with 38 States, possibly 39. I am going to say 38 here, Mr. Chairman, because Maine passed a law subsequent to the document of January 17, 1969 put out by the Federal Highway Administration.

But basically speaking, I think we can say that there are 38 States, speaking of the continental States, that have failed to comply either by having failed to pass a law at all; or because the law that they have passed is unacceptable to the Federal Highway Administration; or because, if the law itself was an open-end law that gave the highway department authority to do almost anything that the Federal officials demanded they do, they nevertheless have shown a little bit of, to me, unexpected backbone and have stood up to it.

So, in summary, there are today, or there were at least as of January 17 of this year, 38 States—now possibly 37 if we count Maine—which has subsequently passed a law and we really don't know where Maine would be placed on one side or the other of this balance sheet—which have failed to comply with the Federal act.

This, of course, is a very high percentage of the total States of the Nation. And to me it is very, very disturbing.

What is the answer? In our opinion the answer to the problem is to give the Department of Transportation the necessary time to review the entire program, to give it time to redetermine the proper interpretation of the Federal act in the light of the disagreement by 38 States with the present interpretation, in the light of the legislative history and expressions critical of the present interpretation by congressional committees.

The answer also lies in Congress preserving its own prerogative to amend the Federal act either as may be recommended by the Department, or as may be otherwise required to make it a wise, fair, and above all, a workable law.

The objectives which would be achieved by Senator Hansen's bill S. 561, are to grant this moratorium until the whole unworkability of the act can be reviewed.

True, the Secretary may himself by administrative declarations under section 131(b), where he can waive penalties, to some extent achieve an administrative moratorium. But as I read 131(b) the little section saying that the Secretary can postpone penalties, it just, to me, is not intended to deal with what I would term an emergency situation where you have, I think this word is not too strong, a rebellion by 38 out of the 48 continental States that are refusing to go along with the Federal Beautification Act.

The CHAIRMAN. Mr. Spooner, are you saying to the subcommittee in effect that the passage of the Highway Beautification and Scenic Development Act was in error, that the Congress, and the President, in bringing this law into being acted unwisely?

Mr. SPOONER. I have two answers to that, Senator Randolph. I think that the purposes of the act were great. I think that the unfortunate error, and nobody is to blame for this, because we worked in an atmosphere of extreme difficulty in 1965—I think that the difficulty, Senator, was that somehow we fell into the practice of designating areas where signs might be, areawise, in terms of "commercial and industrial," overlooking the fact that the vast part of the outdoor advertising industry, and I would say the necessary part where you have your directional signs and very few alternative advertising media, is in the country and literally speaking, you just don't find commercial and industrial areas in the country.

That I think is the very root of the problem.

Then they in the Department have tried to come up with formulas which would call a piece of rural land a commercial-industrial area, because that is the only place the sign can be in the country, but it is pretty hard to do this in a realistic way because, heavens above, nobody wants to build an amusement park or a department store out in the boondocks, and so we don't have these commercial establishments, and under the interpretation by the Federal Highway Administration this simply fails to qualify as an unzoned commercial-industrial area.

And, of course, we know the other kind of a permissible legal area for signs is those areas zoned actually as commercial or industrial and again, by sociological happenstance, the zoning does take place only in areas of high population density.

Cities are traditionally zoned. Counties are coming to it a little bit, but they don't do it on quite the basis cities do, and when they do do it, they speak in different terminology.

In the cities the real cleavage is really residential and business. Or you can make gradations of these two things, but you have got residential areas and almost everybody agrees that signs do not belong in residential areas.

Then you have your other zones—business, commercial, or industrial—where signs are permitted, so that by happenstance, the sociological happenstance, the signs in the cities are already in areas that are given a complete blessing area-wise for the signs within cities.

Then we get out to the country where we have vast areas of agricultural land which have never been zoned, but the other kind of areas where signs may be, the unzoned commercial-industrial area, as long as tied to a preexisting commercial activity, is very, very, very few and far between.

And the result of this has meant that city signs are totally unscathed by the provisions of the Federal act that say where signs may be. Whereas out in the country you just don't find preexisting commercial activity. You might find a bait shop where they sell worms or something of that sort, but even those are few and far between, and yet much of this land is appropriate or suitable or whatever term you want to use for outdoor advertising, which does fulfill a real function and those signs are going to come down.

Now, that is the great attrition of this act. The act removes hardly a single sign within an urban area because they are already in an actually zoned area. There is no agreement provided for with respect to that.

And then we get out into the country where we have to have an agreement and the Federal administration has said we are going to base our agreements on the preexisting use of some other commercial activity in that area.

You and I know that there are miles and miles and miles of pasture, there are swamps where one would be out of his head to say I will erect a motel here, so I think that is one of the basic problems.

The CHAIRMAN. Mr. Spooner, you are saying then that the intent of all of the people who believed that this legislation should be enacted, and I am not just thinking of Members of the Congress now, was good. Is that right? It was not aimed at driving someone out of business, is that right?

Mr. SPOONER. No. I think that under the stress of the great rush that we had the law was passed without recognizing that there is no particular correlation in the countryside, because there isn't, between the preexistence of a commercial activity and the appropriateness of that particular land for signs.

In Litchfield, Minn., where I was born, the land I truly believe that nobody here could call it scenic, and in any way inappropriate for signs. That is, reasonably regulated signs, as to size, lighting, spacing. So here these signs are located in areas that are appropriate. They cover up burnt over land and rusted farm machinery, and junkyards and all the rest of it.

And yet under the plan as it has been implemented, they are out because there is not a commercial activity within a certain distance.

So, this is one of the difficulties in the act, and its great impact is shown on exhibit 1 to our statement which shows that about 90 percent of the signs in rural areas, and which signs I find to be almost more essential to the economy than I do posters in cities because of the myriad of other alternative media in cities—radio, television, giveaway sheets, and so forth—must come down. The very place where we are denying any advertising is in the country, and as you know, when you drive 60 miles an hour and you have to find a motel or roadside restaurant and there are crossroads and confusing things you have got to have some way to find where that use exists.

I am disturbed that 38 States as is shown in exhibit 1—it could be 37 because I don't know where they are going to put Maine. Maine just passed a law since this exhibit 1 was made. It is either 37 or 38 States that are in noncompliance and I think that is a very disturbing thing and I think it is very symptomatic. This massive resistance is evidence of something very seriously wrong with the beautification program at the present time.

At the prior hearings we have discussed the unfair provisions of the act in terms of ourselves. Now we have the stark, bare facts, the States themselves are not accepting the total elimination program. Thirty-seven or thirty-eight States are in noncompliance. This might be a little bit interesting: Of the 38 States that are in noncompliance, 21 have passed no law whatsoever. That is about as total a rejection as you can get.

Ten, if we place Maine in that, have passed a law, but it is a law that is deemed unsatisfactory by the Highway Administration. That is almost as great an insurrection as the situation of the State that has not passed a law at all.

And then 11 States have passed a law that on its face would seem satisfactory, but their highway departments who are given the power to negotiate the agreement defining unzoned commercial areas with the Highway Administration have simply stood their ground, and that totals up to 37 or 38 States, depending upon where you put Maine, that are just simply in noncompliance as of today.

The answer in our opinion is to give the Department of Transportation the necessary time to review the entire program, to give the time to redetermine the appropriate interpretation of the Federal act in the light of the disagreement by these 38 States, and in the light of legislative history and expressions critical of the present interpretation by the congressional committee, some of them from this committee.

The answer also lies in Congress itself preserving its prerogative to amend the Federal act, either as may be recommended by the Department, or as may be otherwise required in its own judgment to make the act wise, fair, and workable.

To me an act 1½ years after the deadline date where we have got 38 States that are not in compliance, 21 of them not even having passed a law, is not a workable law.

Now these objectives, this idea of a reappraisal and complete review could conceivably be achieved by means other than S. 561 because of the discretion of the Secretary under section 131(b) in which he may waive the penalty.

However to me that little small section referring to one State or two States simply was not intended to meet this massive emergency of

noncompliance by 38 States. That I think calls for congressional action in itself.

Now, if we are to have a study I think we need a moratorium. I do think we need a study. I think, I believe, that any study, and it was repeatedly noted in the House subcommittee hearings, that any study should embrace the cooperation of ASSHO, the American Society of State Highway Officials.

They were said not to have had an opportunity adequately to participate in the fabrication of the original act.

Now, if this is to be done, the administrative moratorium has limitations that S. 561 does not. Of course, one of the obvious virtues is definiteness. You have it in the law. You know just how long you have. You can negotiate, study, work together, cooperate, reestablish that cooperation that has been so fine between the States and the Federal Government.

On the other hand, if we don't have a legislative moratorium such as S. 561 would grant this whole study would be carried on in an atmosphere of mere administrative tolerance.

The States might feel it a charade. The study might be made meaningless by termination of the administrative moratorium, and if they are under the possibility of a termination at any time, an administrative termination, are they going to be as frank, or are they going to be forced to agree? As they going to really give their views, knowing that any time that the administration chooses to call a halt to this thing they can say, "The moratorium is over. Penalties are going to be imposed."

Now, I had said in this statement here that it looked as if the administrative moratorium on the penalty in States might end in December of this year. That relates to our exhibit 1 that shows that funds authorized last year will be withdrawn from the 38 States that did not comply.

I want to correct that by saying that at the House hearing Secretary Volpe did indicate that some sort of administrative moratorium would be proper.

But, however, again we are confronted with the vagueness of that type of moratorium, that administrative moratorium. He said it would make a great deal of sense if we were to waive that requirement. That doesn't tell us for how long, it doesn't say that he will. I think that to really tackle the emergency of 38 States in noncompliance requires S. 561: 38 States to be penalized, is to me unthinkable, particularly in view of the purposes of title 23 dealing with the prompt and simultaneous completion of the entire Federal highway aid system.

So that for all these reasons, I think that the Congress itself should deal with this emergency, and it is an emergency when you have 78 percent of the States that have rejected the Federal program, and to proceed without taking a reexamination.

I would ask are we so certain that we here in Washington are 100 percent right when we have the States out there in their own territories, well aware of their topography, the desires of their citizens and needs of their economy, and last, but not least, how much beauty they can afford to pay for.

It is all a relevant matter, and they do have to pay 25 percent of the cost.

Are we to be so sure that these 38 States are in the wrong and Washington is totally and 100 percent right? Is not a study the statesman-like thing to do?

The CHAIRMAN. Mr. Spooner, may we interrupt your testimony to hear from Senator Hansen?

Mr. SPOONER. Certainly.

**STATEMENT OF HON. CLIFFORD P. HANSEN, U.S. SENATOR FROM
THE STATE OF WYOMING**

Senator HANSEN. Thank you very much, Mr. Chairman.

Senator Randolph and members of the committee, I deem it a distinct honor to present a brief statement on S. 561, which amends section 131 of title 23 of the United States Code relating to the control of outdoor advertising along Federal-aid highways.

As you know, my bill would change the date by which the States must enact effective controls with regard to outdoor advertising from January 1, 1968, to January 1, 1972. The bill similarly would extend other dates relating to the control of outdoor advertising along Federal-aid highways.

It would be presumptuous of me to try and tell the members of this subcommittee what to do in regard to this matter. I will say that the need is real, and I would hope that some action can be taken in this field.

It is my sincere hope that your committee and the Congress will give the States a little more breathing space by enacting this or similar legislation.

In my own State of Wyoming, for example, the legislature meets for only 40 days every other year. Although legislation to comply with the statutory requirements of the Federal Government as it relates to the control of outdoor advertising was introduced and considered in the legislature, no final action was taken and we were without effective means of compliance.

With such a short legislative session, Wyoming was not able to enact legislation to meet the Federal standards and will not be in a position to do so again until 1971, when the legislature reconvenes.

I would respectfully point out that Wyoming and other Western States face a different problem as it relates to billboards and their control.

As the committee knows, we are in an area of sparse population and wide-open spaces, and many contend that billboards play a significant role in aiding the traveling public.

The Department of Transportation has said that the presence of at least one commercial enterprise must be the basis for considering a rural area as a place where signs can remain or be built in the future.

In some of the highly commercialized States in the East, this may be an acceptable criterion which will permit a majority of signs to remain. But in Wyoming and in many of the other less commercialized States, this criterion would require removal of most of the signs.

Because of this factor, my bill would be of interest in a number of States which find themselves in the same situation, and I would urge this committee to take action on the bill to grant the States more time to respond to the Federal Highway Beautification Act, after the Con-

gress and Department of Transportation have had a chance to evaluate and, hopefully, work out a variable approach to the rural areas which would recognize these vast differences.

We are well aware of the interests in keeping the highway beautification program moving along. But as a former Governor of Wyoming, I can appreciate the situation in which the States find themselves. I expect a concentrated effort will be made by the Wyoming State Legislature to comply with the Federal law, if the time schedule is extended, as contemplated by S. 561.

In all candor, I must report that legislation to permit the Wyoming Highway Department to comply with Federal law met with considerable opposition in the last session of the legislature.

Additionally, this year, at least four States have taken the pains to specify just where their dissatisfaction with the Federal billboard program lies. I refer to resolutions adopted by the Legislatures of North Dakota and Tennessee, and to the biennial report of the Minnesota Highway Interim Commission submitted to the Minnesota Legislature in January of this year, and to the highway beautification report submitted this year to the Texas House of Representatives by the Texas State Highway Commission.

Other States, by their noncompliance, have also expressed themselves. The Federal program provides that any State which has not enacted effective billboard control by January 1, 1968, shall be penalized by an amount equal to 10 percent of all Federal-aid highway funds which would otherwise be apportioned to it.

As of January 17, 1969, more than 1 year after the deadline, only 12 States were in full compliance with the Federal program. All other States are in default of this law.

Consequently, I submit the reasonable delay, as envisioned in my bill, should be helpful to a number of States.

Mr. Chairman, the superintendent of the Wyoming Highway Department R. G. Stapp, has contacted me recently about this legislation. Mr. Stapp is presently serving as the president of the American Association of State Highway Officials, and in that capacity, has appeared before your committee.

Let me read from a letter I received from him last Friday, June 13:

It is urgently requested by this State that any anticipated cut in state funds due to our failure to comply with the Highway Beautification Act of 1965 be deferred until June 1, 1972, or amended out of the Act completely.

Wyoming does not have an acceptable outdoor advertising control law at this time. Since the inception of the 1965 federal act, the Highway Commission, the administrative staff, the Governor of the state, and many others have attempted to convince our legislature as to the importance of passing conforming legislation. Having passed conforming legislation as to junkyard control, we will make another attempt in 1971 on the outdoor advertising control bill.

We stress the great need this state has in keeping all money allocated. The state is not able to replace any sums lost nor stand to lose any construction projects within our state.

I appreciate your subcommittee's attention to this matter, and would be most grateful if action could be taken on my bill to effectuate a change in the effective date.

Thank you for allowing me to appear.

Mr. Chairman, I want to thank you and the members of the committee for this opportunity to appear before you, and I appreciate your courtesy very, very much.

The CHAIRMAN. Senator Hansen, we are helped by your testimony, and by the manner in which you present the problem of your own State and other States in complying with the law.

Your State is one of the States—which does not meet annually. You meet every 2 years, is that correct?

Senator HANSEN. That is correct, Mr. Chairman.

The CHAIRMAN. And so far as 1970 goes, there would be no legislative session in Wyoming.

Senator HANSEN. That is right.

The CHAIRMAN. Does counsel have an approximation of the number of States that are now meeting annually in legislative session? Some legislatures can't even consider certain matters without call.

Mr. MEYER. There are in excess of 20 meeting on an annual basis—26 to be exact.

Senator JORDAN. North Carolina meets every 2 years.

Senator COOPER. Kentucky meets every 2 years.

The CHAIRMAN. West Virginia use to meet every 2 years, but now meets every year.

I realize the problem which comes in compliance. I have noted that you said in quoting the superintendent, Mr. Stapp, that he would desire to try and comply and to have the matter considered by the legislature. I think we should indicate that Senator Hansen's attention to this subject has not been confined just to the last few weeks. He did introduce in the 90th Congress the bill S. 4164. Now it did come late I believe in October.

Senator HANSEN. That is right.

The CHAIRMAN. There was, of course, no opportunity then for hearings, but it is your feeling following the introduction of that bill in the autumn of last year and through the months that followed, that the matter is very important? Do you think we should give some attention to action in our subcommittee in line with your legislative proposal?

Senator HANSEN. I would hope very much that you could, Mr. Chairman. I might point out that our situation with regard to road construction is unique. As my predecessor Senator Milward Simpson used to say we are a land of high altitudes and low multitudes with a lot of wintery days.

Our road construction program is confined to the summer months, and it is necessary that we be able to program our work. Highways, because of the emphasis that we place on tourism, are of vital necessity to our people. We are trying to generate some small businesses which obviously have great need of a dependable transportation system. We would be most hopeful that, through your consideration, the withholding of some portion of the otherwise available Federal funds might not be accomplished by the Federal Government.

As is oftentimes true, we begin to appreciate with passage of time the importance of programs such as beautification, and while I would not imply that we would find that every bit of it would be acceptable, we do not argue with the concept.

We do think there are some important differences with regard to the impact of that program in Wyoming and in other States. I have been pleased in this part of the country to see what has been achieved through the implementation of this concept.

I do respectfully suggest that there is a difference between the Washington, D.C., area and some of the plains of Wyoming, and I can assure you that we will endeavor to conform to this concept the best we can, bearing in mind the importance of some advertising to our State's economy.

The CHAIRMAN. You are for unit but not for uniformity. That is fine.

Senator JORDAN?

Senator JORDAN. I have no questions. I think you made a fine presentation. This situation is creating serious problems not only in your State, but in other States.

Are they holding back any funds now from your State on account of noncompliance?

Senator HANSEN. Not that I know of, but I am certainly not qualified to make that positive response.

The CHAIRMAN. Senator Jordan, I am sure no funds are being withheld at the present time.

Senator JORDAN. But they can be. They can be, even though they have not yet been. I know that in my own State we need to pave every foot of road that we can get the money to pave, and any hold-up of the funds would seriously cripple the road building.

Senator COOPER. I, too, appreciate Senator Hansen's statement. I think it is very helpful.

Under the present act the administrator can defer this penalty. What your bill would do is make illegal deferrment by the Congress until 1972. I notice in your statement you said that your legislature has considered this matter. I assume that would have been within the last year.

Senator HANSEN. I think we have considered it twice, if I can recall correctly.

Senator COOPER. It would be helpful to the committee if you could recall what objections were made during arguments in the State legislature against the bill. Was the major objection the cost or along the line of the arguments that you have made that because of the vast local distances you need certain signs?

Senator HANSEN. While I did not have the opportunity, Senator Cooper, of hearing firsthand the arguments and debates during this most recently concluded legislative session, I think I could say that generally speaking it has been our experience that advertising along the major highways is most important to us.

With the addition of extra mileage to the various interstate systems in Wyoming, new businesses are emerging. Many of the old towns, little towns, that were completely dependent upon the traveling public are being bypassed now and new ones, or at least new business operations, will come into being. As we understand the law, we think that they would preclude using billboards and advertising that might give the traveler adequate means so that he would appreciate the fact that he is approaching the spot where he could get some service.

We are hoping to develop a new ski area up there which will be near a new section of Interstate 80 and which is not yet open. There is no development there at all now, and yet without proper signs, I think this development would be saddled with the extra hardship

of trying to make an operation go that will be tough enough at very best.

These are some of the considerations that I suspect have been in the minds of our legislators as they have hoped that there might be some changes made.

Senator COOPER. Do you consider at some point some time the State of Wyoming will come into compliance with this act, or is that a matter upon which you can't speculate?

Senator HANSEN. Well, I would be happy to speculate upon it. It would be my thought that two things will happen: I would hope maybe that the act, based upon the experience that I think we have already had—and I refer to the fact that I think only 12 States are in full compliance—would be amended so as not to destroy the objectives of the act but rather to permit conformity to it in a manner that would not do the damage to the economies of the States that several of the States feel would result were the full implementation to come about at this time.

I am saying in other words, that I would hope that there may be some changes that will not destroy the thrust, the purpose of the act, but would take into account valid objections that the States have. I think on the other hand that there is indication that the States, as time moves along, can recognize the objectives, the valid objectives of the act, and will do their best to be in compliance.

Senator COOPER. Thank you.

The CHAIRMAN. Thank you very much, Senator Hansen, for explaining the purpose of your bill and the reasoning that you apply, particularly to Wyoming and certain of the Western States and Mountain States, and I am sure that the members of the subcommittee will be giving very careful consideration to what you have proposed and to the arguments you have set forth, as we will, of course, to all witnesses who appear.

Thank you very much.

Senator HANSEN. Thank you, Mr. Chairman and members of the committee.

STATEMENT OF PAUL SPOONER, JR., GENERAL COUNSEL, ROADSIDE BUSINESS ASSOCIATION—Resumed

The CHAIRMAN. Mr. Spooner, would you like to resume your testimony?

Mr. SPOONER. Thank you, Mr. Chairman. I was speaking basically to the need for study and reappraisal, and it is pertinent to this that of the States in noncompliance, 17 of them have passed laws and nine of the laws passed have been deemed unsatisfactory, unacceptable by the Highway Administration.

This means that there is a serious disagreement as to the interpretation of the act and its implementation between the States and the Federal administration.

Beginning at page 6 and continued for some pages I have set forth some of the things that should be studied which would be made possible by S. 561.

I will skip to the third on page 6 because I think this is critical. One of the things that should be reconsidered is the Administration's

adamant adherence to Secretary Boyd's edict in his letter of May 24, 1967, to Congressman Kluczynski. There he said, in regard to agreements defining unzoned commercial or industrial areas: "The only absolute requirement upon which we would have to insist would be the existence of at least one commercial activity in any such area." Despite the fact that there are many areas where there is none.

No. 4 on the next page, "The failure of the Federal Highway Administration to recognize that this May 24 edict is a firm national standard."

Mr. Chairman, the only thing we must insist upon is one activity, and he says that we must insist upon, while at the same time ultimately in the 1967 hearings there was a recognition that "the ill-conceived 'national standards' of January 1967 were totally inconsistent with the concept of mutual agreements, and that the concept of national standards as bearing on the agreements was firmly laid to rest at the 1967 Senate and House committee hearings."

So, in one breath we say we must insist on this definition, and they have on the other hand itself submitted that there is no such thing as the national standard, which, of course, is inconsistent with the idea of mutual agreement.

The result of this, as pointed out on page 7, where North Dakota, in a resolution passed by the legislature, points out that the imposition of this illegal national standard which has no authority to exist, out of 6,560 miles, would result in 80 miles that would qualify for off-premise signs, and of these only 30 would be in the rural areas.

That is the devastating result of the imposition of this national standard in a sparsely settled State like South Dakota. Minnesota, on page 8 of our statement, has taken the pains to expressly point out its objection to that standard. There it said that they find it necessary to reject the basic outdoor advertising control concept of the Federal Beautification Act.

That is a pretty strong word, I submit, Mr. Chairman. That is interesting in view of the fact that we have 27 laws now passed, nine in 1966, 13 in 1967, only four in 1968, and only one in 1969.

I would commend I won't read it, but I would commend on page 8, the quotation from the Minnesota interim highway report stating just why this illegal, in my opinion, national standard makes it impossible for the State to comply and causes them to say we must reject the Federal program.

Now skipping over to the S. 1442, which would, of course, permit this study, these pilot programs under the act, we oppose this at the present time. Roadside Business Association by a majority of its board of directors decided to oppose it, despite the fact that some individual members of RBA supported it.

Now our opposition as the Roadside Business Association is related to what I have already said. The main purpose of the 1442 is by procedural means to achieve economy. I think the intent of the act is to bar signs where they are unsuitable and permit them under reasonable regulations where they are suitable. No other position is defensible in my opinion.

We have already seen that we have great problems in this field, and I would believe that the answer is this. That is why we are not in support of S. 1442.

It bypasses the direct approach to the problem.

In that line, I would say as stated on page 11 when States are no longer required to condemn vast numbers of rural signs which they themselves find to be inoffensive and necessary to their economy, and when no longer required thus to overbuy, to overkill, Federal-State cooperation, now so severely damaged will be restored, and as a corollary, grant yet reasonable and wholly justifiable savings and compensation monies, both Federal and State, will have been achieved.

Overbuying, this taking away of all lands of all mileage out of North Dakota but 30 miles, is an example of what I would term "overbuying," to require States to take down signs which they themselves find inoffensive and which they want to retain.

That is a basic reason why we oppose Senate 1442, the so-called Moss bill. It is on the wrong track. It tends to cement in the status quo. It seems to us to be unreasonable to spend money on a bill which cries out for studies, which cries out for amendment.

Now skipping over to point 2 on page 12, I think this gets to the guts of the problem or the question that was discussed yesterday. Senate 1442 would serve no constructive purpose. It seems clear that at least a primary purpose is to test these pilot programs in respect to the take down of signs, but yet these Utah theories do not represent any kind of a breakthrough. They are not new or unique or anything, requiring pilot projects to test their merit, for insofar as they have merit, they represent nothing more than the obvious commonsense way of approach, the natural way of proceeding.

Nor are any of these theories that we heard about yesterday in any way inconsistent with the present Beautification Act as it now stands.

Administrator Turner said, "There is no guarantee that this bill would actually result in any savings."

Obviously, there can be significant economies without penalizing either party, if the States negotiates or offers a lump-sum price, for all the nonconforming signs of a particular company.

But this approach is precisely what one would expect under the Beautification Act as it now stands. We cannot imagine a State highway department saying to a sign company, "Let's negotiate re your sign No. 1 today; then let's talk about sign No. 2," and so on. Nor would any sign company acquiesce to such a horse-and-buggy method, assuming of course that the same number of signs and same take-down date would be applicable in either case.

For the company-by-company approach is but plain commonsense and an approach in no way inhibited by the present act, an approach so obvious that Senate 1442 in terms says nothing about it. Nor is the pilot project in any way necessary to demonstrate such a common sense approach.

Another point of the Utah theories which would be apparently implemented by Senate 1442 by Senator Moss is that the Utah theory somehow to be tested under Senate 1442 would avoid condemnation and the high costs, including attorneys' fees, that are inevitably involved in condemnation litigation.

However, this saving exists for one simple reason alone. The reason that Utah is offering a fair price for nonconforming signs computed under the Utah price formula which we do think is constructive. But, again, this has nothing to do with Senate 1442 or even the good sense company-by-company approach.

Offer any potential condemnee a fair price for the signs taken—whether in lump sum or sign by sign—and if he is reasonable, he will accept it, thereby saving litigation expenses. If he is unreasonable, there is no legislative way, and nothing any pilot project could do, to change his mental state. Certainly S. 1442 would not do so, nor could any directive of the Bureau.

S. 1442 is psychologically supported by Utah's fait accompli—it's having now signed to contracts a number of companies willing to accept a stated price. But, again, this is extraneous to S. 1442.

The fait accompli would not exist had not Utah been wise enough to offer reasonable compensation, a matter largely governed by State law and administrative interpretation. A pilot project could show nothing further. We already know that companies will sign up if offered reasonable compensation; otherwise, not.

And reasonable compensation, by the present criterion, is that amount which is acceptable to the sellers without litigation, but which is such that both the State and the companies will fairly benefit from the avoidance of litigation expenses.

By allocating \$5 million—as would be authorized by S. 1442—to Utah or some other State or States one does not determine reasonable prices. The basic cost of the Utah program is already known; and most of the Utah companies have agreed to accept it, as we understand it.

Actually spending the money will prove nothing further. S. 1442 would do no more than grant a preference to Utah or whatever other State might be selected for the pilot project. It would give such State \$5 million at a time when the administration is requesting only \$2.4 million for all 50 States.

There are other Utah theories, all of them are completely testable without spending money and without pilot programs under the present act as it exists.

The removal of signs by the sign companies themselves. Well, of course, the State highway departments would, in acquiring these signs, would or—could—engage the services of the company which had put the signs up to do this job. It is obvious that that is an economy.

If State law somehow prohibits this, nothing that the Federal Congress could do would change that fact. Of course, the pilot programs under the Moss bill, Senate 1442, are inconsistent with what I have said in regard to Senator Hansen's bill for to study an act that cries out, as I say for study and possible amendment, is inconsistent.

You tend to comment in the status quo of the law that you test pilot programs under.

The last point is that current conditions do not warrant the authorization, and I won't labor that.

Last year we saw that \$5 million was cut to \$2 million for all 50 States. This is because some of the Members of the House felt that the program was then unworkable, and I think that that has been quite vindicated by the fact that we now have only 12 States in compliance.

The other idea was that there was a matter of priorities. In time of war, inflation, fiscal problems, and all the rest, it simply was not

time to grant moneys for beautification and, surely, all this is true today. Surely, this is not the time to authorize \$5 million for use in a single State under Senate 1442, quite aside from all the valid other arguments against Senate 1442.

Thank you very much. If there should be any questions I would be glad to try to answer them.

Senator JORDAN (presiding). Senator Cooper, do you have any questions?

Senator COOPER. I would like to know what section of the act you object to particularly. Are you directing your opposition to the penalty?

Mr. SPOONER. Not primarily, Senator. The 10 percent penalty?

Senator COOPER. Yes.

Mr. SPOONER. Not primarily. Although as a secondary thought I did have some question whether the penalty for beautification is consistent with the purposes stated in title 23, that the entire system should be brought to completion as quickly as possible to simultaneous completion.

Senator COOPER. You say that only 12 States have come into compliance. Isn't it a fact that about 32 States have passed legislation or come into agreement?

Mr. SPOONER. Twenty-seven States including Maine, which passed a law only this year, and subsequent to this exhibit that is attached to our statement, 27 States of the continental States have passed compliance laws thus far, with each year a constantly decreasing number.

Senator COOPER. Secretary Volpe in his letter of June 2 to the President of the Senate submitted a draft proposal which states that 32 States have now adopted outdoor advertising control legislation and a number of additional State legislatures will consider such legislation in 1969.

Did you know that?

Mr. SPOONER. I heard that testimony. I have the list of States that have passed laws. Sometimes the administration has included such jurisdictions as Puerto Rico, the District of Columbia, Alaska and Hawaii.

Senator COOPER. Alaska and Hawaii are States.

Mr. SPOONER. That is absolutely correct, but we have stated our position in terms of the continental States because we never have advertised in Hawaii or Alaska.

Senator COOPER. Well, anyway, the Secretary of Transportation stated to the Congress that 32 States have enacted legislation.

Now, you want to postpone the effective date of section (c) ?

Mr. SPOONER. That is correct.

Senator COOPER. And section (e) ; is that correct?

Mr. SPOONER. Yes, sir. If that is the related section. I believe it is.

Senator COOPER. The effect of that would be, would it not, that the billboard people can continue putting signs up until 1972?

Mr. SPOONER. That is correct.

Senator COOPER. Well, you want to increase the problem then? We are having a problem now that the signs are up, but you are arguing to extend the date from 1968 to 1972. Then in those 4 years the billboard people would continue to put up signs.

Mr. SPOONER. Senator, I would—

Senator COOPER. Just answer that.

Mr. SPOONER. No, sir.

Senator COOPER. Well, I think that is what you're saying.

Mr. SPOONER. May I explain?

Senator COOPER. Go ahead.

Mr. SPOONER. I believe that the moratorium which would permit the study would get to this problem of a wholesale condemnation of 90 percent of the signs in rural areas which the States do not want to take down. I think that the cause of the problem today is buying, forcing the States to buy thousands upon thousands of signs which they themselves do not want to buy and which reasonably and justifiably they find to be totally inoffensive and necessary to their economies.

Senator COOPER. That is one argument, but I am not talking about that now. I am talking about the effect of these amendments and I would like very much for you to respond to them.

We know, of course, that by changing the date in (b) from January 1, 1968, to January 1, 1972, we would deal with the reapportionment and also the penalty.

Now section (c) means after January 1, 1968, signs, displays, and so forth shall be limited, and then describes the types of signs that would be permitted.

Now, isn't it a fact—I am sure you know this, for you have studied this for years—isn't it a fact that if you change the date in section (c) this would mean that from January 1, 1968, to January 1, 1972, all kinds of signs could be erected?

Mr. SPOONER. That is true, Senator. But my point is that the savings that would be achieved in the other bill, by study and a reappraisal, so that we do not buy what to me is an obviously great excess of those signs which should be bought, would more than offset the factor that you are now mentioning.

Senator COOPER. That is an argument that you can properly make about the other bill, but now I want you to answer me about the effect of these amendments. You have answered that if you change the date to 1972 it would mean 4 years' additional signs to be erected, which cannot be under the present act.

Now section (e) provides for the removal of signs and it provides that signs in existence on September 1, 1965, must be removed by July 1, 1970.

In effect, you agree with me that signs would not have to be removed until 1977.

Mr. SPOONER. 1972, I believe.

Senator COOPER. 1972, but those signs then put up since 1965 would extend the time for them 4 more years.

Mr. SPOONER. Of course, referring to the erections of new signs, only about 2½ years of the 4 years now remain; and I would say that we have no assurance that the 21 States that have not to day—1 and one-half years after the penalty date—passed laws to restrict erections will do so before January 1, 1972, even if the moratorium is not passed. As to the takedown of signs, my opinion is that that is somewhat academic because of the amendment in 1968 which says which now makes the section read altogether that signs

shall come down in 1972 provided that there are then adequate funds, so that that is an overall limitation, and I am not sure that that proviso that there are adequate funds is not already implicit in the act as originally passed.

Senator COOPER. You support the act even if the part should be amended?

Mr. SPOONER. Along the lines of the bill that you introduced, we think that the scenic area bill is one which is keyed directly to, to me, the only defensible purpose is the answer.

Senator COOPER. The Amendments which I offered were included in this act in 1965. They enabled the State or its municipalities to zone.

Mr. SPOONER. The truth of the matter there—

Senator COOPER. The State or municipality can enact zoning laws, and if it zones for signs then signs can be placed in these areas.

Mr. SPOONER. The sociological fact, Senator, and we have surveyed State after State, is that zoning simply is not undertaken in areas of low population density. That is why, for example, in South Dakota, speaking of both zoned and unzoned areas, out of 5,000 miles there are only 30 miles available to signs in rural areas. There just is not the zoning done.

Senator COOPER. Are you submitting drafts of amendments which you think will be helpful in making this act more effective?

Mr. SPOONER. I am not, but I have them in my office.

Senator COOPER. I think it would be good if you would submit proposed amendments so we would know what the thinking of your association is.

Mr. SPOONER. I would be glad either to mail them to you or come down and talk to you.

Senator COOPER. I think it would be proper to present them to the committee. Not to me; to the committee.

Mr. SPOONER. I should be very delighted to do so.

Senator COOPER. I think you should. Now, in respect to Utah. You have made the point that many States do not like this law and suggested changes in it. The State of Utah comes into compliance with and likes the law.

Why do you object to the Utah plan? Why do you object to Utah's position?

Mr. SPOONER. I do not object to the Utah position. Each State must decide where it wants signs and how many signs it wants. I merely say I think it was quite clear that the purpose of the Moss bill is to have pilot programs which would in some way test or vindicate these theories, and my point is that that is not necessary in that they are not new and unique but are obvious plans.

There is nothing under the Federal act today that inhibits the States, the highway departments, and the sign company owners, to negotiate on a company-by-company basis. I am sure that any good-sense negotiations would start out in that fashion.

Senator COOPER. I was rather impressed by the statement made by the representative from Utah. I know it would be rather difficult to fund one State and not others, but I saw some merit in the proposal they made for a pilot project.

I think it deserves some consideration. I can't understand the position if one State wants to come into compliance should not be shut

off in some way. Of course, those States who want to come into compliance are being shut off now.

You don't favor the appropriation in funds for this act; do you?

Mr. SPOONER. Well, I would prefer to see them deferred until the act is, in my opinion, more reasonable or workable.

Senator COOPER. But your organization hasn't favored any appropriations to make this act effective; has it?

Mr. SPOONER. We have not been in favor of appropriations to implement the act which we think has been unjustly slanted at signs in rural areas.

Senator, I think that you well know, because I know how familiar you are with the act, that the act as it now stands leaves signs within urban areas unscathed because by natural zoning sociological factors they always have been in commercially zoned areas.

When you get out into the country as the Minnesota statement says—and I do hope it will be read because it is a diamond-clear exposition of the unfairness of this national standards—it just does not work in the country.

Senator COOPER. I have one last question.

Do you make any distinction between advertising on interstate highways and advertising on Federal highways?

Mr. SPOONER. Yes; I think there was a very, very distinct difference there. For one thing, the interstate was new and it did not have all of these vested businesses along it which had either been erected or acquired by some entrepreneur in reliance on the clientele that signs that are already up would bring them.

All of a sudden this asset which they had either constructed or acquired is no longer as valuable because some of them literally will die without the business signs bring them.

Whereas, along the interstate, which of course is a controlled access highway, we started that out, as you know, Senator, with very little existing business already along it, and those that were, many of them did not advertise for turn-offs because there were no turn-offs.

We often thought that the bill might have been more reasonable had it applied only to the interstate.

Senator COOPER. Thank you. I have no further questions.

Senator JORDAN. Thank you very much, Mr. Spooner. The committee would appreciate your sending in any suggested amendments so we might consider them along with the testimony from Senator Hansen and other suggestions we may get for improving this bill.

Mr. SPOONER. We would deem it a privilege.

Senator JORDAN. Thank you, sir.

(The complete statement submitted by Mr. Spooner follows:)

STATEMENT OF PAUL L. SPOONER, JR., FOR ROADSIDE BUSINESS ASSOCIATION

Mr. Chairman and Members of the Subcommittee, my name is Paul L. Spooner, Jr. I am General Counsel for Roadside Business Association, 1430 Dain Tower, Minneapolis, Minnesota, and have been designated by it to state its position in support of S. 561 and in opposition to S. 1442.

RBA is a 33 year old national trade association. Its interests lie almost exclusively in rural areas. Its members include tourist-oriented businesses and other users of rural signs; highway advertising companies which erect and maintain rural signs; and manufacturers of rural signs. As you may recall, the Motel Association of America, which represents 5000 motel members, is an affiliate of RBA.

S. 561, as you know, would amend Section 131 of Title 23, United States Code (the outdoor advertising control section of the Highway Beautification Act of 1965). It would change the date by which states must, under pain of the 10% penalty, pass a law in compliance with Section 131—from January 1, 1968, to January 1, 1972. It would also similarly extend other dates relating thereto.

What have the States "said"? Today, nearly one and one-half years after the deadline date, only 10 of the 48 continental states have both passed a Compliance Law satisfactory to the Highway Administration and signed the necessary implementary Federal-State agreement. This startling information is from the notice dated January 17, 1969, and distributed by Lowell K. Bridwell, then Federal Highway Administrator, which is attached to this statement as Exhibit 1. Mr. Bridwell's notice is concerned with the \$2 Million authorized last year for outdoor advertising control in the fiscal year 1970. After reserving \$700,000 thereof for "bonus payments", it allocates the remaining \$1.3 Million to the states as shown in its attached table.

In the table, allocations to 38 of the 48 continental states are shown as being "reserved". As is explained in the notice: "Funds allocated to States which do not have both an agreement and a satisfactory law for control of outdoor advertising are reserved and are not available for projects until such time as the required agreement is executed and State law is enacted. * * * About December 1969, funds allocated by this notice will be withdrawn from States that do not have both an agreement and a satisfactory law controlling outdoor advertising * * *."

Thus, 38 of the 48 states, or 79%, have by their refusal to comply clearly proclaimed their dissatisfaction with the outdoor advertising provisions of the Beautification Act, or with said provisions as thus far interpreted by the Federal Highway Administration.

This massive resistance is critically meaningful, being in the face of the severe and clearly specified 10% penalty. This is so despite the fact that the penalty has thus far been suspended pursuant to administrative discretion. (It would appear from the notice quoted above that such suspension may terminate in or about December of this year.)

This massive resistance is evidence, is symptomatic, of something seriously wrong with the Beautification Program, in our opinion. At prior hearings we have discussed the provisions of the Federal Act which we thought unworkable or unfair with respect to signs in rural areas. Now we have the stark, bare fact that the states are not accepting the program. Further, it is clear that the position of the states is based on the near total elimination (about 90%) of rural signs under the Federal Act as thus far interpreted. For displays within cities are almost totally untouched by the Act. See Exhibit 2, attached hereto. And since rural signs must depend for survival on "unzoned commercial and industrial areas", the chasm between the states and the Federal Highway Administration relates, more specifically, to the Federal-State agreements defining such areas.

What is the answer? In our opinion, the answer to the problem is to give the Department of Transportation the necessary time to review the entire program. To give it time to re-determine the *proper* interpretation of the Federal Act in the light of the disagreement by 38 states with the present interpretation, and in the light of legislative history and expressions critical of the present interpretation by the Congressional committees. (See next heading below.) The answer also lies in Congress' preserving its prerogative to amend the Federal Act, either as may be recommended by the Department or as may be otherwise required to make it a wise, fair and *workable* law.

These objectives would be achieved by S. 561. True, the Secretary may himself postpone the penalty, as has been done. But we submit that the discretionary provision (in Section 131(b)) thus far utilized is a *selective* provision. It speaks of suspending application of the penalty "to a State" no doubt for reasons more special than a general rejection by the great majority of the states of a mandate obviously (and, we submit, *reasonably*) considered by them to be unjustifiable. The emergency of noncompliance by 38 states calls for action by the Congress itself, in our opinion.

Congressional action would also be the fairer method insofar as the states and all citizens who would feel the impact of the Federal Act are concerned. For, quite aside from the virtue of definiteness, to rely on continued suspensions of the penalty as a matter of administrative largess is to place an unfair burden

on the Administration and even to permit the possibility of continuing pressures against the states.

In summary, a 10% reduction in all Federal-aid funds is so drastic a step, particularly where some 38 states are involved, that Congress should itself take legislative action to *ensure* its proper postponement. To frustrate the vital highway construction purposes (for example, the "early completion" of the Interstate System, of "primary importance to the national defense," with the intent of "simultaneous completion") in the name of a beauty program, rejected by 38 states, would be a gross distortion of priorities, in our opinion.

Misinterpretation of the law. Seventeen of the 38 states deemed to be in non-compliance have in fact passed Compliance Laws. Of these about 9 are in default because of the content of their laws.

In other words, *there is disagreement* between the states and the Federal Highway Administration as to the proper interpretation of the Beautification Act. And we submit that, in general, the basic interpretation by the states is the proper one.

The position of such states is that it is their right and duty, within reasonable limitations, to determine what part of their rural areas are appropriate for signs, and their laws are so fashioned. The position of the Highway Administration has been one of inflexibility and dictation. Its position is adamant. It has suborned refused to be guided by legislative history, the terms of the act, committee interpretations, the public interest, common sense, and the simple objective of barring signs where inappropriate, allowing them where appropriate.

Some examples of the interpretative confusion, which we would urge the new Federal Highway Administration to study, follow:

1. The Administration's insistence on a program that would eliminate some 90% of rural signs (Exhibit 2) despite the glowing assurances when the Act was passed (a part of the legislative history) that it would "assist" the outdoor advertising industry, "an important and legitimate business," to "achieve an orderly development." There were at least 7 such assurances in 1965. And surely they applied to the vital Highway Advertising Industry (which operates in rural areas) as clearly as to the Standardized Industry (which operates in urban areas).

2. The Administration's insistence on ignoring the similar assurance, a specifically stated, correlative purpose of the Act, contained in Section 131(d).

3. The Administration's adamant adherence to Secretary Boyd's edict in his letter of May 24, 1967, to Congressman Kluczynski. There he said, in regard to agreements defining unzoned commercial or industrial areas: "*the only absolute requirement upon which we would have to insist would be the existence of at least one commercial activity in any such area.*"

4. *The failure of the Federal Highway Administration to recognize that this May 24 edict IS A FIRM NATIONAL STANDARD (in the most crippling sense).* This despite the ultimate recognition that the ill-conceived "national standards" of January, 1967, were totally inconsistent with the concept of mutual agreements, and that the concept of national standards as bearing on the agreements was firmly laid to rest at the 1967 Senate and House Committee hearings.

5. The Administration's ignoring of the clearly *expressed*, reasonable objections of at least two states to the imposition of this illegal national standard. (Many other states have *tacitly* expressed these objections by refusing to comply.) North Dakota, by its Senate Concurrent Resolution No. 16, adopted February 25, 1969, calls attention to the fact that it will have approximately 6,560 miles of Interstate and Primary mileage of which a total of only 80 miles would qualify for off-premise signs, under such national standard, *either* as a *zoned* or *unzoned* commercial or industrial area! Of this unrealistically small territory available for signs, only approximately 30 miles are in rural areas, as the resolution notes. It concludes by urging the setting aside or modification of this illegal national standard so as to permit advertising in those areas without defiling the amenities of nature while still providing the merchant the opportunity to advertise in a regulated and controlled manner.

The other state thus expressing its complaint is Minnesota. The report of the Minnesota Highway Interim Commission, submitted to the Minnesota legislature in January of 1969, finds that the interests of Minnesota requires it "*to reject the basic outdoor advertising control concepts*" of the Federal Beautification Act. More specifically, and referring to the illegal national standard mentioned above, this report goes on to state:

"The concept that this law represents, that purely rural areas are, ipso facto, scenic and therefore deserving of protection from all off-premise signs, the Commission believes to be unrealistic. Many rural areas, which are unsuited for ordinary commercial or industrial activity and without unusual scenic value, are in no way damaged or defiled by properly regulated and spaced billboards. Furthermore, by permitting billboards in scenic locations which happen to have one or two appropriate commercial activities, the federal concept can actually have the effect of encouraging clusters of signs where they clearly do not belong."

6. The Administration's absolute refusal to honor the orderly judicial review procedure (Section 131(1)) by which the Congress, recognizing that an honest inability to agree might well arise, provided that neither the state nor the Administration should thereupon dictate its views, but *should let a court decide the issue*. There has not been a single judicial review with respect to a "failing to agree". The Administration, for example, refused to give Wyoming the written notice of its proposed determination of non-compliance which would have set judicial review in motion—this despite the state's *clearly* implied request for same. We have no way of knowing how many state compliance laws deemed unsatisfactory by the Administration would have been vindicated had there been judicial review. We have no way of knowing how much delay in the program has been caused by the Administration itself—by its refusal to hear a court's interpretation and by its insistence on having its own way.

7. As we are advised, the Administration's informing of at least one state, and we believe others, that the just compensation provisions of the Federal Act are not really binding and that there are ways to evade it.

For all the foregoing reasons, we urge that a re-appraisal—a study—be promptly undertaken. Such a study was supported by Secretary Volpe and Federal Highway Administrator Turner at the hearings before the House Subcommittee on Roads on May 20, 1969, even though Messrs. Volpe and Turner differ from us in that they do not consider S. 561's moratorium necessary. And the great desirability for study at this time was also supported at said hearings on May 22, by Ross G. Stapp, president of AASHO.

SENATE 1442

This brings us to S. 1442 which we respectfully oppose at the present time. A basic reason for this relates to our comments, just given, on S. 561. A main purpose of S. 1442, is by procedural means, to achieve economy in the huge, projected sign compensation costs, as we understand it. This overlooks the most basic point of all. In any acquisition program the fundamental, effective way to achieve economy, without sacrifice of principle or purpose, is so obvious as to be often ignored: Avoid over-buying; avoid "over-kill".

The intent of the Federal billboard control program is to bar signs where they are unsuitable, and permit them (under reasonable regulations) where they are suitable. No other purpose is defensible, in our opinion, nor reconcilable with the correlative purpose of promoting reasonable outdoor advertising, as stated in subsection 131(d).

The facts noted in reference to S. 561 show that *over-buying*—the elimination of approximately 90% of all rural signs, whether in areas deserving to be scenically protected or not—is the very root of the problem. This extravagant and unjust result comes about through the inept language of subsection 131(d) which restricts signs to commercial and industrial zones and areas, despite the fact that such zones and areas do not exist in the literal sense in the countryside; from the imposition of the illegal national standard already mentioned; and from the failure to note the obvious fact that there is no correlation, in the countryside, between the pre-existence of a commercial activity and appropriate signs for signs.

To achieve the only defensible purpose—preventing signs where they do not belong and allowing them elsewhere—requires a new approach, in our opinion: a scenic area approach (or whatever other term is desired to describe it); an approach *directly keyed to that legitimate purpose noted above*.

When states are no longer required to condemn vast numbers of rural signs which they themselves find to be inoffensive, a convenience, and necessary to their economy, and *when no longer required thus to over-buy*, Federal-State cooperation will be restored! And, as a mathematical corollary, great (yet wholly reasonable and justifiable) savings in compensation moneys both Federal and state, will have been achieved. Over-buying is the problem.

There are three other reasons for our present opposition to S. 1442.

1. It is inconsistent with the present need for a re-appraisal.

2. It would serve no constructive purpose.

3. Current conditions do not warrant an authorization of \$5 Million dollars for a single state (or a few states).

1. *Inconsistency with need for a re-appraisal.*—The need for the moratorium which S. 561 would provide and the desirability of a study have been noted.

To us, it clearly follows that pilot programs under the *present* Beautification Act are therefore inappropriate. It would be a waste to spend money for pilot projects under an Act that cries out for re-appraisal and amendment. To so spend money would be inconsistent with the *very concept* of re-appraisal, for it would inevitably tend to lock in the status quo.

2. *S. 1442 Would Serve No Constructive Purpose.*—It seems clear that at least a primary purpose of S. 1442 is to test, by "pilot programs", certain theories developed in Utah in respect to the take-down of signs. These "Utah theories" do not represent any kind of "break-through". They are *not* new or unique, or anything requiring pilot projects to test their merit. For insofar as they have merit, they represent no more than the obvious, common sense approach—the natural way of proceeding. Nor are any of the "Utah theories" inconsistent with the present Beautification Act as it now stands. As stated by Administrator Turner at page 10 of his prepared statement for the House Subcommittee hearings: "There is no guarantee that [S. 1442] would actually result in any savings, however."

That the "Utah theories" are not unique or such as to justify pilot projects is susceptible of demonstration as follows:

Company-by-company acquisitions.—The acquisition of non-conforming signs on a company-by-company basis, rather than sign-by-sign, is perhaps the king-pin "Utah theory". Obviously there can be significant economies (without penalizing either party) if a state negotiates, and offers a lump-sum price, for *all* the nonconforming signs of a particular company.

But this approach is precisely what one would expect under the Beautification Act as it stands! We cannot conceive of a state highway department's saying to a sign company: "Let's negotiate with respect to your Sign No. 1 today; then next week we'll bargain re your Sign No. 2; and so on." Nor would the sign company acquiesce in such a horse and buggy method, assuming of course that the same *number* of signs will be lost under either approach.

Instead, under the present Act, any highway department seeking economy will negotiate for all the signs of a company, just as those favoring S. 1442 advocate. For to do so is but plain common sense, an approach in no way inhibited by the present Act, an approach so obvious that S. 1442 in terms says nothing at all about it. Nor is a pilot project in any way necessary to demonstrate the common sense in such a common sense approach. If somehow, in some state, the obviousness of this economy should be overlooked (how, we cannot imagine), there is no doubt in our mind that the Bureau would promptly call attention to it.

Avoidance of condemnation and related costs.—It has been urged that the "Utah theories", to be somehow tested under S. 1442, would avoid condemnation and the high costs, including attorneys' fees, involved in condemnation litigation. However, this saving exists for one simple reason alone. The reason is that Utah is offering a fair price for nonconforming signs (computed under the "Utah price formula", which we think is constructive).

But again, this has nothing to do with S. 1442, or pilot projects, or even the good sense company-by-company approach. Offer any potential condemnee a fair price for the signs taken (whether in lump-sum or sign-by-sign) and, if he is reasonable, he will accept it, thereby saving litigation expenses. If he is unreasonable, there is no legislative way, and nothing any pilot project could do, to change his mental state. Certainly S. 1442 would not do so, nor could any directive of the Bureau.

S. 1442 is psychologically supported by Utah's *fait accompli*—its having now signed to contracts a number of companies willing to accept a stated price. But again, this is extraneous to S. 1442. The *fait accompli* would not exist had not Utah been wise enough to offer reasonable compensation, a matter largely governed by state law and administrative interpretation. A pilot project could show nothing further. We already know that companies will sign up if offered reasonable compensation; otherwise, not. And reasonable compensation, by the present criterion, is that amount which is acceptable to the sellers without litigation, but which is such that both the state and the companies will fairly benefit from the avoidance of litigation expenses.

By allocating \$5 Million dollars (as would be authorized by S. 1442) to Utah or some other state or states one does not determine reasonable prices. The basic cost of the Utah program is already known; and most of the Utah companies have agreed to accept it, as we understand it. Actually *spending* the money will prove nothing further. S. 1442 would do no more than grant a preference to Utah or whatever other state might be selected for the pilot project. It would give such state \$5 Million at a time when the Administration is requesting only \$2.4 Million for all 50 States!

Other "Utah theories".—The same lack of any need for pilot projects holds true in reference to others of the "Utah theories". We refer to the proposed modification of sign take-down dates so as to conform them to the expiration of advertisers' contracts; to the stating of such take-down dates in a separate schedule; and to the utilization of sign company personnel and equipment to carry-out the take-downs. All of these objectives can be achieved under the present Federal Act, except that the modification of the take-down dates would have to be effected pursuant to the discretion of the Secretary as provided for in subsection 131(b) (and would be better effected by Congressional amendment, in our opinion).

As for removals by sign company personnel and equipment, 1969 Minnesota House File 2744 provided in its Section 8(2):

"Said commissioner may himself remove such signs or may by contract engage the services of a private person or persons, including sign owners, for the removal thereof in his behalf."

Though this bill died, there was no dispute over the provision just quoted. Nor could there be any claim that such approach is not authorized under the present Federal Act. Usually it will be the reasonable and economic course for the sign company to be the remover of its own signs, of course, and this can always be done under a provision like that just quoted or by administrative decision. The fact that the sign company removes them does not amount to the state's "getting something for nothing". Clearly the company will demand a little more total money (whether labeled solely as "compensation", or as "compensation plus services rendered in removing signs") if it is to do the removal work; a little less, if the state is to do that work. Nothing is changed by calling the total sum to be paid "just compensation" and pretending that removal costs have somehow been avoided.

3. Current Conditions Do Not Warrant The Authorization.—Last year the Administration requested an authorization of \$5 Million for billboard removal *in all states* for each of the three fiscal years ending June 30, 1969, 1970, and 1971. The law (The Federal-Aid Highway Act of 1968), as finally passed, authorized only \$2 Million *for all states* for this purpose, and for fiscal year 1970 only.

As nearly as we can appraise this action, it was attributable to two factors. One was the belief, even last year, of a number of Representatives that the Federal Beauty Act is not workable nor equitable. The other was a matter of priorities. The view was expressed that in a time of war, inflation, problems in the cities, fiscal problems, and the like, the spending of any large sum for beautification was simply not justified.

Surely all this is still true. Surely this is not the time to authorize \$5 Million for use in a *single* state (or a few states) under S. 1442, quite aside from all the other valid arguments against S. 1442!

Thank you for the privilege of appearing before you in behalf of Roadside Business Association. I would be glad to try to answer any questions.

Exhibit 1

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

SUBJECT Allocation of funds authorized for Fiscal
Year 1970 for Outdoor Advertising Control

FHWA NOTICE

January 17, 1969

24-40

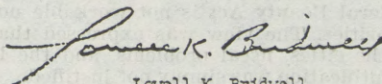
Section 6(c) of the Federal-Aid Highway Act of 1968 authorized Federal funds totaling \$2 million for fiscal year 1970, for outdoor advertising control in areas adjacent to the Interstate System and other Federal-aid primary system highways pursuant to 23 U.S.C. 131. Of the \$2 million authorized for fiscal year 1970, \$700 thousand has been reserved for allocation as required to meet bonus payments under 23 U.S.C. 131(j) and \$1.3 million is allocated to States subject to the conditions contained herein.

The enclosed table shows amounts allocated to each State for fiscal year 1970 for control of outdoor advertising. The funds are allocated in the percentage that the 1966 estimate of the cost of removing signs from noncommercial areas in each State bears to the cost in all States. The minimum allocation is \$1,000.

Funds allocated to States which do not have both an agreement and a satisfactory law for control of outdoor advertising are reserved and are not available for projects until such time as the required agreement is executed and State law is enacted. The States whose allocated funds are reserved are shown in the second money column of the enclosed table.

Funds allocated to States which have both an agreement and satisfactory State law are shown in the third money column of the enclosed table. The fiscal 1970 funds allocated to these States are available for obligation but payments to any State for projects financed from them may not be made before July 1, 1969, or until appropriation legislation is enacted, whichever occurs later. Any of the fiscal year 1970 funds that are not covered by formal project agreement by June 30, 1972, will lapse.

About December 1969, funds allocated by this notice will be withdrawn from States that do not have both an agreement and a satisfactory law controlling outdoor advertising or are otherwise unable to utilize them.



Lowell K. Bridwell
Federal Highway Administrator

Enclosures

DISTRIBUTION: FHWA Executive Secretariat
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Regions
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Exhibit 1—Continued

U. S. DEPARTMENT OF TRANSPORTATION
Federal Highway AdministrationAllocation of \$1.3 million from funds authorized for the
Control of Outdoor Advertising for the Fiscal Year 1970

State	Total	Reserved not available ^{2/}	Available for projects
Alabama	\$27,411	\$27,411	
Alaska	1,000		1,000
Arizona	31,016	31,016	
Arkansas	18,989	18,989	
California	77,987		77,987
Colorado	29,658	29,658	
Connecticut	3,440		3,440
Delaware	4,585	4,585	
Florida	71,506	71,506	
Georgia	41,939	41,939	
Hawaii	1,000		1,000
Idaho	22,107	22,107	
Illinois	69,184	69,184	
Indiana	22,309	22,309	
Iowa	58,605	58,605	
Kansas	32,926	32,926	
Kentucky	11,236		11,236
Louisiana	17,170	17,170	
Maine	7,663	7,663	
Maryland	2,914		2,914
Massachusetts	5,509	5,509	
Michigan	47,308	47,308	
Minnesota	31,842	31,842	
Mississippi	27,655	27,655	
Missouri	72,211	72,211	
Montana	11,713	11,713	
Nebraska	26,079	26,079	
Nevada	11,229	11,229	
New Hampshire	3,253	3,253	
New Jersey	2,907	2,907	
New Mexico	18,610	18,610	
New York	32,313		32,313
North Carolina	40,287	40,287	
North Dakota	13,944	13,944	
Ohio	44,981	44,981	
Oklahoma	42,694	42,694	
Oregon	20,442	20,442	
Pennsylvania	34,072	34,072	
Rhode Island	1,000		1,000
South Carolina	20,741	20,741	
South Dakota	19,609	19,609	
Tennessee	24,815	24,815	
Texas	66,089	66,089	
Utah	25,307		25,307
Vermont	2,038		2,038
Virginia	36,604		36,604
Washington	15,448	15,448	
West Virginia	12,623		12,623
Wisconsin	27,174	27,174	
Wyoming	7,858	7,858	
Dist. of Col.	1,000		1,000
Total	1,300,000	1,091,538	208,462

^{2/} Availability of allocation withheld pending enactment of State law for control of outdoor advertising and execution of agreement.

Exhibit 2

DIRECT IMPACT OF FEDERAL ACT

There are at least 1,100,000 Existing Off-Premise Signs Subject to Federal Beautification Act.

PROJECTED REMOVAL PER ACT:

For Being In "Illegal" Areas (almost toally <u>RURAL</u> signs)	For Being In Violation of Regu- lations on Size, Spacing, Etc. (almost totally <u>URBAN</u> signs)
839,000 by 7-1-1970	50,000 by 7-1-1970 ?)
	128,000 by 1-1-1973 ?) See
	_____) No. 4.
839,000	178,000 ?) Below.

1. These figures are from page 6 of January 10, 1967 report of the Under Secretary of Commerce (Senate Document No. 6).
2. Total elimination (839,000 + 178,000) 1,017,000 or 92.4%!
3. Discrimination. 94% of the signs to be massively eliminated by July 1, 1970, are in rural areas! Actually, the discrimination is even worse -- see No. 4.
4. Change in Policy. By the Federal-State agreements which the Bureau of Public Roads is making with the States, it is now allowing existing signs which are illegal only because of violating size, lighting and spacing regulations to remain. This means that almost 100% of existing signs to be eliminated are in rural areas, UNLESS THIS IS PREVENTED BY THE STATES-- as is permissible under the Federal Act. ("Almost", because a few city signs are in "illegal" areas).

(Subsequent to the hearing the additional information was submitted by Mr. Spooner, and ordered to be included in the record:)

ROADSIDE BUSINESS ASSOCIATION,
Minneapolis, Minn., July 3, 1969.

PROPOSED FEDERAL SCENIC AREA LAW

In Response To Request For Same At Hearings Before the Senate Subcommittee on Roads, June 18, 1969

At said hearings, on said date, RBA Counsel Paul L. Spooner, Jr. was requested by Senators Cooper and Jordan to submit proposed amendments to the "billboard control" provisions of the Highway Beautification Act of 1965. In context, the request related primarily, at least, to amendments relating to Scenic Areas.

In response to the request, we submit the "Proposed Scenic Area Law" dated January 10, 1969, which is attached hereto, and which on that date was considered and generally approved as to principle by the RBA Board of Directors.

Respectfully,

PAUL L. SPOONER, Jr.,
General Counsel.

PROPOSED FEDERAL SCENIC AREA LAW

Note: We are concerned with Section 131, title 23, U.S.C., being Title I (bill-board control) of the Federal Highway Beautification Act of 1965. We here explore means of converting it into a "Scenic Area Law", or some other form which would permit a reasonable number of rural signs to survive.

The present purpose is to illustrate some general principles for discussion by the Board of Directors, and to propose means of knitting such principles into the fabric of Section 131. *The amendments here proposed represent but one form of revision, among others, by which Section 131 could be made reasonable and workable.*

The major thrust is to key the machinery of Section 131 to the objective of prohibiting off-premise signs where they are unsuitable and permitting them elsewhere. This we would do by providing for "scenic areas" as places where off-premise signs are to be prohibited. This would supersede the present allowance of such signs only in commercial and industrial zones and areas, despite the fact that such zones and areas do not literally exist in the rural areas in material degree.

The major revisions would be of subsections (c) and (d) of Section 131, and the addition of a new subsection (e). Hence, only these three possible revisions are here treated in detail. *However*, other revisions would be necessary—see "Notes as to Other Revisions", following proposed new subsection (e), below.

PROPOSED REVISED SUBSECTIONS (C) AND (D) AND NEW SUBSECTION (E)

(c) *Effective Control.* Effective control means that after January 1, 1968 1972, such signs, displays, and devices shall, pursuant to this section, be limited to (1) directional and other official signs and notices, which signs and notices shall include, but not be limited to, signs and notices pertaining to natural wonders, scenic and historical attractions, which are required or authorized by law, which shall conform to national standards hereby authorized to be promulgated by the Secretary hereunder, which standards shall contain provisions concerning the lighting, size, number, and spacing of signs, and such other requirements as may be appropriate to implement this section, (2) signs, displays, and devices advertising the sale or lease of property upon which they are located, and (3) signs, displays, and devices advertising activities conducted on the property on which they are located, and (4), *subject to the provisions of this section regarding compensation, other signs, displays and devices, herein called "off-premise signs", which comply with subsection (d) of this section.*

(d) *Off-Premise Signs.* In order to promote the reasonable, orderly and effective display of outdoor advertising off-premise advertising while remaining consistent with the purposes of this section, signs, displays, and devices whose size, lighting and spacing, consistent with customary use is to be determined by agreement between the several States and the Secretary, may be erected and maintained within six hundred and sixty feet of the nearest edge of the right-of-way within areas adjacent to the Interstate and primary systems which are zoned industrial or commercial under authority of State law; or in unzoned commercial or industrial areas as may be determined by agreement between the several States and the Secretary. The States shall have full authority under their own zoning laws to zone areas for commercial or industrial purposes; and the actions of the States in this regard will be accepted for the purposes of this Act. Off-premise signs within six hundred and sixty feet of the nearest edge of the right-of-way and visible from the main traveled way of the Interstate and primary systems shall comply with the provisions in this subsection, as follows:

(1) *Location.* Off-premise signs shall not be erected or maintained in any scenic area, as defined in subsection (e) of this section, in any area zoned residential, or in any other location prohibited to them by any State statute or local ordinance.

(2) *Size, Lighting and Spacing.* Off-premise signs shall comply with reasonable regulations governing their size, lighting and spacing promulgated by or pursuant to State law which shall be consistent with customary use in the State. Whenever a

bona fide State, county or local zoning authority or a State legislature has made a determination of customary use, such determination will be accepted in lieu of controls by agreement in the zoned commercial and industrial areas within the geographical jurisdiction of such authority for the purposes of this Act. Nothing in this subsection shall apply to signs, displays, and devices referred to in clauses (2) and (3) of subsection (c) of this section.

(c) *Definition of Scenic Area.* The term "scenic area" means any land within six hundred and sixty feet of the nearest edge of the right-of-way of any highway which is a part of the Interstate or primary system which is not now or hereafter zoned for commercial or industrial activities and—

(1) which is within three hundred feet of any building used primarily as a residence, unless the owner of the building consents in writing to the particular off-premise sign or signs to be erected and maintained, or

(2) which is of uncommon natural beauty as determined by the State or by its local subdivisions of government as provided or authorized by the State legislature in the statute by which the State complies with subsection (b). Such state statute, in order to be deemed effective control, shall provide that any determination of a scenic area by reason of its uncommon natural beauty, or any failure to make such a determination, shall be subject to judicial review by any affected property or sign owner, the State highway department, or the Secretary or his designee, in an action to be tried *de novo*, pursuant to the State's customary appellate procedures, with the burden of establishing that any land is of uncommon natural beauty to be on the party who maintains that it is such.

The term "uncommon natural beauty," as used herein, means a relative value, the determination of which requires the balancing of relevant factors, including the public interest in beautification; customary use in the State; the needs of the area as determined by geographic, sociological, economic, and other factors; the compensation costs involved in carrying out a beautification program in relation to the benefits to be derived thereby; the availability of compensation moneys; and the effect of the program on motorist convenience and the economy of the State as a whole.

Note re subsection (e), above: An alternative "scenic area approach" (or its equivalent) might be to follow the so-called "perimeter theory" embodied in such present State Compliance Laws as those of Georgia, Indiana, Kansas, Montana, Oklahoma, and South Dakota. Under this approach, these states have permitted off-premise signs within specified and realistic distances of municipalities (the distances being greater where municipal populations are greater) and within specified distances of intersections and interchanges (subject to the requirement that the view of official signs be not obstructed), and in other appropriate places. In Oklahoma the "permitted distances" from municipalities have ranged, for example, from 2 miles with respect to a municipality having a population of less than 2,500 to 10 miles with respect to a municipality having a population of 50,000 or more.

The basis for this approach has been the recognition that commercial activity is in the process of reasonable decentralization, moving to the approaches of municipalities and the environs of intersections and interchanges to serve the convenience of the traveling public and local residents.

Ways might be found to embody these "perimeter principles" appropriately in the Federal Act (provided the distances are realistically great) perhaps as providing an initial, *prima facie* determination of areas to be deemed *non-scenic*, subject to such provisions as those in proposed subsection (e) above. Or such "perimeters" might be specified (along with areas zoned commercial or industrial—as in proposed subsection (e), above) as demarking areas which are *not* to be included within a scenic area.

NOTES AS TO OTHER REVISIONS

1. *Re-numberings.* Of course, with the insertion of proposed new subsection (e), subsequent subsections of Section 131 would have to be re-lettered, and all cross-references conformed thereto.

2. *Dates.* Various controlling dates would obviously have to be changed throughout, as in subsections (a), (e) (which would be re-lettered as subsection (f)), and (g) (which would be re-lettered as subsection (h)).

3. *Agreements.* A new subsection (p) would have to be added to take care of the fact that the "Federal-State agreement process", here superseded, has heretofore been in effect. It might read as follows:

"(p) *Release from Agreements.* States which have heretofore entered into agreements with the Secretary pursuant to subsection (d), as enacted October 22, 1965, and as amended by Section 6(a) of the Federal-Aid Highway Act of 1968, are hereby released from any and all obligations thereunder. The use of such agreements as a part of the regulatory system having been superseded by the provisions of this Act, such agreements shall henceforth have no effect."

4. *Review Procedure.* Subsection (1), to be re-lettered as subsection (m), would have to be amended to delete the reference to "failure to agree" with respect to the matters covered under present Section 131(d).

5. *Compensation.* Subsection (g), to be re-lettered as subsection (h), relating to compensation should be revised to remove ambiguities and certain inequities. For example, it should provide that the just compensation to be paid is to be computed as of the date when the sign is removed and that granting a "grace period" (a so-called "amortization period") is not a substitute for compensation. It should also provide for payment not only for the sign owner's sign, but for "his leasehold or other right with respect to the land" (*not* leasehold in his sign, as presently provided). In order to avoid unjust discrimination it should provide that fee title or an appropriate easement must be acquired in scenic areas (and other locations where signs are prohibited) before they have that status, making Title I consistent with Section 319 and its provision for scenic enhancement easements. Further, severance damages as required by State law should be provided for. Last, compensation should be paid for signs lawfully in existence when the State law was passed—not when the pre-existing Federal Act was passed.

STATEMENT OF MR. AND MRS. CHARLES CRAM, KIMBALL-CRAM SIGN CO., SALT LAKE CITY, UTAH

Senator JORDAN. Will you state your name and whom you represent?

Mrs. CRAM. I am Mrs. Charles W. Cram, vice president of the Kimball-Cram Sign Co. of Salt Lake City, Utah.

Honorable chairman and distinguished members of this committee, it is very easy for Mr. Spooner to sit up here and support a moratorium on the implementation of the Highway Beautification Act. He represents one of the giants in this industry and the "reasonable delay" request as submitted by Senator Hansen has to all intents and purposes been in effect since 1965. Meanwhile the "reasonable delay" finds our company each month closer to bankruptcy.

Beautification of our highways is a most admirable pursuit * * * a pursuit begun by a lady from Oregon, Senator Neuberger, and perpetuated by a well-known lady from Texas. There is now a lady from Utah as vitally concerned with highway beautification as the other two but for obviously different reasons.

I am Mrs. Charles W. Cram, vice president of the Kimball-Cram Sign Co.; and while I agree with the precept of the act and appreciate the opportunity of appearing before this committee, I also want to present the situation in which we, a small business, find ourselves because of the requirements exacted by the Highway Beautification Act.

It was on October 22, 1965, that President Johnson signed this act into law. I would like to preface my remarks by quoting two paragraphs from section 131 of the act:

(a) 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.

(m) There is authorized to be appropriated to carry out the provisions of this section, out of any money in the Treasury not otherwise appropriated, not

to exceed \$20 million for the fiscal year ending June 30, 1966, and to exceed \$20 million for the fiscal year ending June 30, 1967.

We are now approaching the end of fiscal year 1968; and of the \$40 million authorized to enforce the act, \$2 million has been appropriated.

And while this act goes on year after year not being funded, we find millions being spent by the Government in very strange ways. For instance, the Department of Health, Education, and Welfare will spend \$8 million this year on efforts to discourage smoking. At the same time the Department of Agriculture will spend \$30 million to subsidize the growing of tobacco. The Air Force is spending \$600 million a year on its "Manned Orbiting Laboratory" project which is strikingly similar to the spacecraft program of NASA.

The Government is financing such programs as these: "Social Behavior of Old World Monkeys in the Caribbean" and "The History of the Comic Strip," yet Congress keeps telling us there are no funds available for the Beautification Act.

The failure of the Congress to appropriate sufficient funds to enforce the Highway Beautification Act and the damaging requirements of the act have practically forced the small outdoor advertising companies in Utah out of business. Our story is a typical one, and we feel that something should be done to correct this discriminatory situation.

The Kimball-Cram Sign Co. was started in 1911, and our first signs were placed on the highways of Utah in 1920. Since that time, the company has expanded into Nevada, Idaho, Colorado, and Wyoming. At one time we had as many as 1,300 signs in these States.

Mr. Cram started working for the company in 1946 as the manager. In November of 1959, he purchased the company and operated it since that time. The company owns and maintains painted signs only; we operate exclusively in the rural areas of the aforementioned States. As a small business, we have never erected or maintained the large free-way or interstate type of signs located in the urban areas.

Since the enactment of the bill in 1965, we have watched our company slowly deteriorate to the point that we can no longer break even, let alone operate with a profit. We took Congress at its word; we geared our operation to conform to the intent of the Highway Beautification Act. We felt that we could hang on until 1970, but we failed to take into consideration what effect the act was going to have on the three basic essentials of our business—the landowners furnishing our locations, the advertisers, and the banks lending us money.

In the area of locations, the law of supply and demand has crippled the small sign companies. Landowners from whom we rent locations have become aware of the limitations placed on the erecting of signs on the highways.

As a result, conforming locations have become prohibitively expensive to all except the giants in the outdoor industry. These giants can well afford to sign up locations and pay rent on them until such time as a sign may be erected—and they have scoured the highways—those in existence and those still in the planning and surveying stages.

In Utah we find cases of sign locations being staked out in wide-open areas when the highway construction is still as much as 3 years away. We do not have the finances to compete with the giants, and we do not feel it is morally or legally correct to ignore the beautification program.

We have some slides illustrating the last statement. Gentlemen, this is my husband, Charles W. Cram, president of the Kimball-Cram Sign Co.

(Slide.)

Mr. CRAM. This, gentlemen, shows an area that is in 3 to 4 years to become part of Interstate I-80. This is located close to Salt Lake. There is this wide-open expanse of ground.

(Slide.)

Mr. CRAM. In looking along the sides of this area we find that every available sign location has already been tied up by one of the industry's giants.

(Slides.)

Mr. CRAM. But that is what is happening, gentlemen, I imagine all over this country. We find it all over Utah. Now, these big companies that have the finances are going out and before the highway is even built—3, 4, 5 years after, they have more or less followed the survey crews and spotted these locations and tied them up.

Now they are going to go ahead and for years go on paying land rents just to hold these locations. This is the type of thing that a small company such as ours cannot compete with.

But, if the present act is stalled longer, as Mr. Spooner advocates, Senator Cooper, you are absolutely right. This is what is going to happen. They are just going to go on building and building and building. We have one large company in Utah that, since the first of the year, even though we do have a compliance act and everything else, they have put up 29 new large signs, and this is going to go on and on and on and the longer it is stalled the bigger mess we are going to get into.

Thank you.

Senator JORDAN. Thank you very much.

Mrs. CRAM. I would like to give you another example of what has happened to land rents. We received a letter from the Southern Pacific Co. who, under the railroad land grant, was given every other section of land across the northern part of Nevada—and from whom we rent many sign locations:

As you are undoubtedly aware, Southern Pacific Company has as a policy matter endeavored to revise its rental rates approximately each five years, the last being in 1963. At that time the current rates were felt to be fair and equitable.

Federal and state legislation involving beautification of interstate highways has cut serious inroads into the lessor's income through reduction in locations. Hence, those remaining become more valuable to the advertiser using this medium.

With this letter came an increase of over 500 percent in land rent—an increase from \$60 a year to \$312 a year for each location.

The traffic across northern Nevada does not warrant an advertiser to pay much more than \$35 or \$40 a month for a 10 by 40 sign—or about \$480 a year. If we pay \$312 for the location, this leaves us \$168 to cover the cost of maintenance and taxes—we operate at a loss. And this, gentlemen, is a direct result of the Beautification Act.

Because of the regulations set forth in the Highway Beautification Act, we can no longer assure our accounts of continued service. Their business is starting to flow to the urban operators with locations in the commercially and industrially zoned areas. It is a sickening

situation to watch a business that we have spent 23 years of our lives building—and in which everything we have is invested—being slowly annihilated.

A case in point: Our largest account has eight of the 37 10 x 40 signs we had for it because of construction of the Interstate System. We are not able to relocate these signs; and because of this, the account has made the decision to move its advertising to the urban locations along the freeways. It canceled all but 13 of the remaining 29 signs.

Our company cannot function much longer under such conditions because we are unable to resell these signs. You might ask why we cannot resell these signs—we could—but here again the advertisers, like the landowners, are aware of the effect the act is having on our business. They know that there has been a limit placed on the time the signs can remain on the highways and the sign companies will supposedly be compensated for the removal of the signs.

Result—They want the use of a sign for nothing more than the painting cost. This does not help our situation. This is not an isolated case—practically every month signs go dead—contracts are not renewed—and because of the importance and publicity given to beautification, more and more advertisers feel it is no longer advisable to utilize signs in rural areas.

So, we end up with a great number of large blank structures—structures which ironically enough do nothing but create the ugliness the Beautification Act is supposed to eliminate. To continue to maintain these ghosts, while deriving no income from them, will lead to inevitable bankruptcy.

In 1963 the Kimball-Cram Sign Co. had nine employees; in 1966 we cut this to five; in 1968, we found it necessary to make a further cut to four; 1969 finds us with my husband, an answering service, and I help out where I can. Three excellent men who had worked for the company for 35 years were told that we could no longer keep them on the payroll.

We have been irreparably damaged by the Beautification Act. The regulations are such that we cannot continue to operate in the rural areas. We cannot at this stage of the game decide to go into erecting urban signs. We do not have the equipment and financially cannot battle the giants in the industry for locations.

The only solution to our problem—your problem—is the Snarr plan. We feel every effort should be made to put this plan into effect. The Snarr plan is the answer because we can phase out every one of our nonconforming signs as the advertising contracts covering them expire, and we can immediately remove every existing vacant sign which is currently a blight on the highways. We can have all of this accomplished by July 1, 1970—as the 1965 Federal Act was written.

At stake are the integrity of the U.S. Congress and the integrity of you men on this committee who have been personally responsible for the fate of the Highway Beautification Act and who have done nothing from 1965 until this very moment. To continually do nothing, you become a party to the ruin of thousands of small sign company operations and the creator of large sign company monopolies.

I urge you to do more than pay lipservice to the small businessman—but rather to respond to his needs now and authorize \$5 million for a pilot project in Utah or some other State as provided for in Senator Frank E. Moss' bill S. 1442.

I specifically mention Utah because the State government is ready to move, and all of the sign companies are ready to cooperate. If the Highway Beautification Act is not funded now, the sign companies which have abided by the spirit and the intent of the law are penalized, while those sign companies which have not abided by the law are rewarded.

The end result of all this, gentlemen, is that we are finding ourselves with an increasing number of blank signs which we are unable to maintain or resell and which, according to the present program, must remain standing until December 1972, in order to receive any compensation.

Before this date, the highways will become cemeteries lined with large white headstones—reminders of a once successful business.

You, the Congress, are supposedly working for us. If we were your sole employer, you would be relieved of your positions immediately. An attitude of do nothing is not tolerated in any business and you, the Congress, are all guilty of this. We want some action.

Thank you.

Senator JORDAN. Thank you very much, Mrs. Cram.

Mrs. Cram, let me ask you this one question. I can see your problem there when you say that you have got these signs that are blank now, no advertising on them, and that you can't rent these other spaces as you pointed out in your film. But why would one of the giants that you speak of go out and rent space that they wouldn't be able to advertise on either?

Mr. CRAM. Sir, I will answer that. These people are, of course, in most cases, picking up the prime locations. There is still demand for advertising on the highways. There are still accounts that can afford to pay these high monthly rates on these big interstate signs.

Now a sign like this that will be put up along your interstate, a good average rate is maybe \$300 a month. Well some accounts can pay this for these prime locations. They will have one sign instead of when we were servicing them maybe furnishing them nine or 10 signs for the same price they go to just one, and it is these people that do have unlimited finances that can put \$10,000 to \$12,000 into a single structure that will get what business is available.

It is all flowing to these big expensive signs and they are jumping in and grabbing one now, because they realize eventually there won't be any more new interstate signs available. That is why they are getting rid of ours and going to these large signs.

Senator JORDAN. Well apparently your problem is with the total act, is that right?

Mr. CRAM. Yes, our problem started the minute the act was passed.

Senator JORDAN. Thank you very much. I appreciate your being with us.

Senator Cooper?

Senator COOPER. I would like to say I appreciate very much the testimony of Mr. and Mrs. Cram. I know you were here yesterday and waited all day and were unable to testify. You have come a long way and we appreciate that. I think your testimony has been very, very valuable. It is a sad thing that you are stuck with this act because it hasn't been made effective by the Congress.

I can see from what you said that it would drive out of business—namely the smaller sign people. As I understand what has happened to you, your business, you are going out of business but you cannot get paid by the Government which in a way is putting you out of business, and which under the act provides for compensation. But we don't appropriate anything to pay, although we put you out of business. I think it is a very sad story and I think something should be done about it.

Mr. and Mrs. CRAM. Thank you, Senator.

Senator JORDAN. Thank you.

Our next witness is Grant Wilkins, president, Mountain States Advertising, Inc., Englewood, Colo.

**STATEMENT OF GRANT WILKINS, PRESIDENT, MOUNTAIN STATES
ADVERTISING, INC., ENGLEWOOD, COLO.**

Mr. WILKINS. Honorable Chairman and members of this committee, my name is Grant Wilkins and I am president of Mountain States Advertising, Inc., a rural highway advertising sign company located at 5300 South Ulster in the metropolitan area of Denver, Colo.

I am the current president of the Roadside Business Association, a national trade association of outdoor advertising compaines, sign manufacturers and companies which use outdoor advertising to sell their services and products.

Because of this varied membership, some RBA members have problems that may not affect other members at all. Therefore, the following testimony will relate to my own company and its problems. Please remember that I am not testifying here today either as president of the Roadside Business Association or on its behalf.

I am appearing before you today in my role as president of a highway sign company owning and maintaining some 2,000 signs in rural areas in 10 of the Rocky Mountain States. Our largest customers are major oil companies, motel, hotel and restaurant chains.

We know our service is important to our customers since we started out with 300 signs in three States in 1957 and we grew to a company of over 2,000 signs in 10 States until that fateful day in October 1965, when the Highway Beautification Act was born.

When the Beautification Act was passed in 1965 it was only natural that every outdoor advertising company opposed it. Our natural reaction was to fight back in every legal way possible and my industry and my company have done this to date, although I might add without protest, sit-ins, demonstrations, or militant actions.

We opposed this law because we felt highway advertising provided a valuable service to many thousands of highway-oriented businesses, besides being an interesting and profitable business.

Our company would be classified as a medium-sized highway sign company. Since 1965, my experience clearly indicates that small and medium-sized highway sign companies have been severely damaged, and some of them have even been destroyed because of the Highway Beautification Act of 1965.

However, my experience also indicates that many of the large highway sign companies have not experienced this same damage. Therefore, the current Beautification Act discriminates in favor of the large sign company.

Gentlemen, we have now been living under the threat of highway beautification for over 3½ years and have been severely and irreparably damaged. I have come here to enlighten you with the problems we face and to ask for your help in planning our future.

Because of the Beautification Act, seven of the 10 States in which we operate have enacted billboard laws prohibiting the erection of new signs in some of these States and making it unprofitable, and therefore unwise, to erect new signs in other States. Therefore, my company had no choice but to dispose of its 24,000 square feet manufacturing plant in the summer of 1966.

Instead of employing 35 people as we did in 1965, we now have a total of five permanent employees assisted by two additional temporary employees during the summer months. We have been pursuing what I term a "wait and see" course while maintaining our signs.

Recently I sat down and took a fresh appraisal of this 3½-year-old law. I realize that it has not been changed, much less repealed. Last year you did pass an amendment greatly appreciated by our industry, stating that signs will not have to come down until money for "just compensation" is available.

However, you did authorize \$2 million for billboard removals. While this amount of money is small, it appears to me to mark the beginning of the enforcement of the Highway Beautification Act of 1965. Realistically it seems that I now have to accept the fact that maybe the Beautification Act isn't going to be changed since it has been a law for over 3½ years.

If this is true, then sound business judgment directs me to request Congress to please give us immediate relief. We are withering on the vine and waiting for the ax to fall while our assets are being steadily dissipated. Our hands are tied. We cannot continue in the future like we have been forced to operate for the past few years.

I cannot even make a normal business decision in the daily operation of my business without pondering whether we will be in business after July 1, 1970; or maybe July 1, 1971; or possibly July 1, 1972.

If indeed the Beautification Act is to remain a law of this land and if Congress passes the necessary appropriations and instructs the Bureau of Public Roads to enforce this law, then the only sensible course of action would be the adoption of the bill before the U.S. Senate sponsored by Senator Moss.

This bill would provide for the removal of signs on a company-by-company basis within a State and certainly would result in the most economical and fairest means of accomplishing billboard removal while preventing most litigation.

If Congress does not authorize the Secretary of Transportation to purchase signs on a per-company, per-State basis, it will be unfair to the State and the sign company because it forces the State to purchase nonconforming signs on a piecemeal basis and will remove the sign company's signs at such a slow rate that the small sign companies will be forced into bankruptcy before all of their nonconforming signs have been purchased.

I would like to suggest that Senator Moss' bill be further enlarged and simplified by requiring regional offices of the Bureau of Public Roads to negotiate for all of the signs owned by one sign company within their region all at the same time.

For example, the Bureau's regional office headquartered in Denver covers Colorado, New Mexico, Utah, and Wyoming. Since these four States have many similarities and problems, my company, for example, could negotiate with one Bureau of Public Roads regional office and four State highway departments for the removal of all of our nonconforming signs in these four States, certainly resulting in further economy for all interested parties.

If you committee favors Senator Moss' bill then I would like to request that it include the four States of Colorado, New Mexico, Utah, and Wyoming.

As of this date my company has sold some 24 individual signs to the highway departments of Colorado and Utah because of right-of-way acquisition causing their removal. The so-called "Utah Formula" was used in both States with the approval of both the Bureau of Public Roads regional and national offices. I believe this formula will prove to be one that both Government and industry can live with.

The "Utah Formula" certainly brought orders to sign removals because of right-of-way acquisition and eliminated the confusion, delay and mistrust that had previously existed between the outdoor advertising industry and the Colorado Highway Department.

I first learned about the "Utah Formula" when the Utah Highway Department purchased one of our signs in Utah and later some people from our industry ventured to Utah to learn more details about this formula which appeared to be the answer to everyone's problems.

Later the Colorado Highway Department requested information on it and, as a result, today our industry is able to sell signs to our State highway department on a fair and equitable basis for everyone concerned. This formula allowed Colorado's Highway Department to proceed with highway construction projects without being delayed by disagreements and lawsuits concerning sign removals.

Concerning payment for the removal of nonconforming signs, I have just secured some interesting facts from the New Mexico Highway Department. It appears that many of the signs included in their highway sign inventory early in 1966 can be classified as junk or abandoned signs and their removal would not have to be paid for.

For example, New Mexico has 12,368 signs but only 3,265 of these have secured sign permits and are, therefore, legal even though nonconforming. The approximately 9,000 remaining signs don't have sign permits and can be removed without payment under New Mexico's billboard law.

For the most part, these signs were put up without permission from the landowner and have always been illegal or they were put up legally years ago but have since been abandoned. Other States like Utah and Idaho estimate as much as 50 percent of their 1966 sign inventory is either junk or abandoned signs. These are the majority of eyesores in the eyes of the traveling public.

The possibility that so many signs can be removed without payment of compensation indicates that billboard removals under the Beautification Act will not be as costly as previously thought.

I have come here today to request action on the part of Congress. I hope you can understand how my company has already been severely damaged and I am sure there are many hundreds of similar sign companies who have been adversely affected also.

Please, at this time, some 31½ years after passage of the Beautification Act, either repeal this law or fund it and further instruct the Bureau of Public Roads to enforce it. Then the States could proceed with billboard removals along the lines of Senator Moss' bill. I would like to continue in this business but if I cannot then please get us out of this predicament once and for all and let us proceed to other endeavors.

I appreciate the opportunity of appearing before you and bringing my problems to your attention. I will be looking forward to your actions which, hopefully, will enable us to plan for the future without further delay.

Senator JORDAN. Thank you very much. Your problem is the same as Mrs. Cram's, isn't it?

Mr. WILKINS. That is correct, sir.

Senator JORDAN. Isn't this a big problem in rural areas where zoning of these signs is hurting sign companies such as yours and the Cram's?

Mr. WILKINS. I think an investigation would definitely bring this out as a fact, that is correct.

Senator JORDAN. That is one of the big problems that has been brought out in this hearing.

Senator COOPER?

Senator COOPER. I would again like to say that the testimony is helpful. I think this has given me at least an insight that I had not had before about the problems of the smaller sign people.

Mr. WILKINS. That is right, sir, we have been hanging on the vine, sir, for 31½ years just waiting for the ax to fall. We can't make a normal business decision without realizing that this is hanging over our heads. We need some relief. We need to either get back in business with the repeal of the amendment or be compensated.

Senator COOPER. I think this is original testimony. We haven't heard the plight of these people in the other hearings before.

Senator JORDAN. Thank you, Senator Cooper.

Thank you, Mr. Wilkins.

Senator JORDAN. Our next witness is Mr. J. B. Martin, United Advertising, Inc., Boulder, Colo.

STATEMENT OF J. B. MARTIN, UNITED ADVERTISING, INC., BOULDER, COLO.

Mr. Chairman and members of the committee, my name is J. B. Martin. I am a member of the outdoor advertising industry from Boulder, Colo. We have two companies, United Advertising, Inc., and Rocky Mountain Outdoor Advertising Co.

These two companies have approximately 1,200 signs in nine States. We are truly rural sign companies with about 95 percent of our signs being outside of incorporated areas. Approximately 96 or 80 percent of our signs are located in the States of Colorado, Wyoming and New Mexico. We only have two signs in the State of Utah.

However, Colorado, Wyoming, New Mexico and Utah are all in the same regional division of the Bureau of Public Roads. I would like to speak on where the Highway Beautification Act of 1965 stands in these four States and mention some of the points that have caused confusion to both the States and the outdoor advertising industry.

I believe the largest single question about highway beautification is the question of money. Is the law going to be funded so that just compensation, as provided by the law, can be paid, and when?

Therefore, I support S. 1442, and hope that it will become law so that some of this confusion can be eliminated.

WYOMING

The State of Wyoming passed in 1967 what they considered to be a compliance law under the Highway Beautification Act. The Bureau of Public Roads has advised Wyoming that their law is not a compliance law and that an agreement cannot be reached.

However, no funds have been withheld from Wyoming under the Highway Beautification Act and, therefore, Wyoming continues in a state of limbo. The 1969 Wyoming Legislature, which ended its session in February 1969, did not change their 1967 law, and now it will be 1971 before they will be in session again.

In 1968 an attempt was made by the attorney general for the State of Wyoming to determine if the Secretary of Transportation was going to withhold funds because of their 1967 law. The Secretary of Transportation, through Mr. Lowell K. Bridwell, replied that they were more concerned with progress, not penalties."

No firm position was or has been taken by the Bureau of Public Roads with reference to the 1967 Wyoming State law and, therefore, no judicial determination as provided in both the Highway Beautification Act and the Wyoming State law, can be made as to who is right, the State or the Bureau of Public Roads.

There was introduced in the 1969 Wyoming legislative session a bill that had prior approval by the Bureau of Public Roads. I suppose the failure of this bill has to be that the legislature felt that it had done its job well in 1967 and was entitled to something more than a decision by an administration agency of the Federal Government before changing its position. I am sure that many in Congress have this same feeling.

One final point in connection with Wyoming, the superintendent of highways of the State has told me that during 1968 the Bureau of Public Roads had asked him to enter into an agreement that could have been submitted to the 1969 Wyoming Legislature for its approval. This proposed agreement would have necessarily been different from the 1967 law, and I believe all of Congress can appreciate the action of this gentleman in not being a party to such a plan. I feel that Congress would be incensed by such action as I know the Wyoming Legislature would have been.

COLORADO

Our situation in Colorado is very confused at the present time. Our general assembly has just adjourned, and as a control of outdoor advertising law we have the third extension of a moratorium that was enacted in 1966.

This year the outdoor advertising industry, the motel and hotel association, and the Colorado State Highway Department met and drafted a bill that would have been a compliance law. The Bureau of Public Roads had knowledge of this bill and gave their approval prior to the bill being introduced.

The Colorado Highway Department would not sponsor this bill or take the lead in the battle for its enactment. This position was very hard for us in the industry to understand. The bill that was introduced did have a just compensation feature. This, as it later developed, was the reason why the bill did not have the endorsement and sponsorship of the Colorado Highway Department.

During the legislative battle we were told by an official of the Colorado Highway Department that they had just not reached a decision of the matter of compensation. They were not sure that they really had to pay just compensation.

Now, in view of the provision of the Highway Beautification Act, hearings before Congress and statements by various governmental officials, both elected and appointed, this seems difficult to understand.

However, it is not so difficult to understand when you consider the following:

Prior to the start of the Colorado General Assembly session, a bill was drafted, the so-called Oliver bill, for the control of outdoor advertising that did not contain a just compensation feature.

We in the industry were assured by a representative of the Colorado Highway Department that this proposed bill had approval of the Bureau of Public Roads. This in spite of the fact that we have been told many times by Bureau of Public Roads personnel that an agreement could not be reached with any State whose laws did not provide for just compensation.

The second example of how the State may become confused is, that a bill was introduced in the Colorado General Assembly, House bill 1160, that provided that amortization over a 5-year period be used in place of just compensation, that just compensation need be paid only if the nonconforming signs were removed prior to the expiration date of the 5-year period.

It was stated by the author of this bill, Representative Lamm, that this bill had approval of the Bureau of Public Roads. A third and final illustration is that in our company we have personal knowledge that information was made available as early as 1966 by Bureau of Public Roads personnel to members of the Colorado Highway Department on ways of removing signs without payment of just compensation.

Based on the above, we believe that you can understand how and why State officials and the industry would be confused about the present status of, and the future of, highway beautification.

NEW MEXICO

New Mexico is a State that has passed a compliance law which is acceptable to the Bureau of Public Roads. However, due to the hard-line position of the Bureau of Public Roads with reference to the definition of an unzoned commercial or industrial area, no agreement has been reached. This causes the State to be in the position of having a law that is not being fully, and cannot be, fully applied.

One serious question that has arisen because of this, to both the State and the sign industry, is what happens on signs that have to be moved because of highway construction.

The State has taken the position that they will issue relocation permits and that the sign will qualify for just compensation if and when

it has to be removed because of highway beautification. The Bureau of Public Roads disagrees with this procedure and has advised the State that they will not participate in any just compensation for such relocated signs. In this situation, the passage of time only adds to the problem.

UTAH

As has been pointed out by others, the situation in Utah is different from either Colorado, Wyoming, or New Mexico. Utah has a compliance law and an agreement. They have gone a long way toward determining the total cost of the Highway Beautification Act as applied to Utah. It seems that they now have two hills yet to climb.

First, the acceptance of their plan of action by the Bureau of Public Roads. Second, Congress making the funds available to the Bureau of Public Roads so that the plan can be carried out.

I am well acquainted with the Utah approach, the Snarr plan. The total company-statewide approach seems to be the only logical way to proceed and certainly should be the most economical to the State, the Federal Government, and the various sign owners.

I believe that Congress has a continuing responsibility under the Highway Beautification Act. When a State, such as Utah, has acted in good faith, passed a law and reached an agreement, then I believe that Congress has the duty to see that the necessary funds are made available to carry out the law.

Therefore, I would urge your favorable consideration of an appropriation bill for this purpose.

With reference to States such as Wyoming and New Mexico, I believe that Congress has the continuing duty to see that its intent as to States rights and responsibilities, are not overridden by the Bureau of Public Roads. I do not believe that Congress will have any part in subjecting any State or State official to any administrative decision that is not in keeping with the intent of Congress when it passed the Highway Beautification Act of 1965.

Colorado is a State yet to act in passing a compliance law. Based on what has just happened in our general assembly session I would suggest that Congress must take some positive action to clarify once and for all the question of just compensation. Both the States yet to act and the industry is entitled to know what is intended and who will have the final say, Congress or the Bureau of Public Roads.

Other problem points are as follows, first, many of our Colorado legislators are convinced that we will never have an effective highway beautification law because of the lack of Federal funds. The passage of an appropriation bill for States that have laws and agreements should help clear up this point.

Second, the decision by the Secretary of Transportation not to impose the 10-percent penalty on January 1, 1968, has caused some to feel that the highway beautification law is not going to be enforced.

I would suggest that an official recognition of the postponement of the penalty date of January 1, 1968, by Congress and the setting of a new date should help clear up this point. It may not be possible to find one certain date in the future that would be fair and best for all and for this reason it is suggested that a flexible date be considered.

Perhaps, 30 days after the next State legislative session ends.

The constant threat of the 10-percent penalty does not contribute to a free exchange between the Bureau of Public Roads and any State that is yet to act on this matter.

The third point of confusion is the hard line position that the Bureau of Public Roads has taken with reference to what action the States can take and it is recognized in the agreement process. The States just don't know how far they can legally go in protecting their interest and the rights of their citizens.

In conclusion, I believe that Congress should either repeal the Highway Beautification Act of 1965 or move forward with its implementation by providing the necessary funds. Surely those States that have passed laws, entered into agreements and inventoried their signs are entitled to this action by Congress.

For those States that have yet to pass a law and or reach an agreement, firm direction is needed from both Congress and the Secretary of Transportation. Certainly these States should be permitted to protect the best interest of their people and should not be subjected to the present hard line position of the Bureau of Public Roads as to the agreement process.

I will be happy to try and answer any questions that the committee may have on these comments.

COMMENTS

I would like to cover those four States that constitute one regional office of the Public Roads, this being the States of Utah, Wyoming, Colorado, and New Mexico. In these four States, gentlemen, we have four different situations, all directly caused and attributable to the 1965 Beautification Act. We only have two signs in the State of Utah so the approval of 1442 which we definitely support would have very little economic impact as far as our operation is concerned. We are truly rural sign companies. Both of our companies are.

We feel that action has to be taken to clarify at the State level some of these problems of uncertainty, and I will try to illustrate this by the situation in the four States. The State of Utah, as has been testified, has a compliance law and they have an agreement. They have inventoried their signs. They are ready to move. They have two things yet to obtain: One, approval of their plans, and two, the money with which to act.

This is one State in that district office of the Bureau of Public Roads. Wyoming—and I wish that Senator Hansen were here now—did pass in 1967 what they considered to be a compliance law. It did save the scenic areas of the State from signage, outdoor advertising, and it did open up a majority of the State, as they deemed in their wisdom to be necessary to do so, to outdoor advertising.

They were advised immediately upon passage of the bill in 1967 and when Governor Hathaway signed it, that it was not acceptable to the Bureau of Public Roads.

Now, Senator Cooper asked this morning why really the compliance law that was submitted in 1969 in the State of Wyoming was turned down. I believe I can answer that, Senator Cooper.

The Wyoming Legislature felt that they properly acted in 1967 and were entitled to more than the hard lined administrative decision of the Bureau of Public Roads before changing their minds. That is why they turned down the compliance law in 1969.

Now in 1968, going further, this State has not been negligent in this respect. The attorney general for the State of Wyoming attempted to clarify this situation by obtaining from the Bureau of Public Roads a determination as to whether or not the 10-percent penalty funds were going to be withheld so that they could act under the judicial procedures as cited in the Beautification Act and in the Wyoming law.

This was not done. Wyoming is still in a state of limbo and it is for this reason that we also support some legislative recognition of the extension of the effective dates. We do not believe that the arbitrary decision by the Secretary to postpone these penalty dates and the effective dates makes for a good arm's length, agreement-reaching condition when a State sits down to reach an agreement.

We don't believe this is conducive to good bargaining practices.

That basically is the situation in Wyoming.

The situation in New Mexico is that they have a compliance law, one under which an agreement can be reached. It is my understanding that the State has deferred reaching an agreement depending on what they hope will be some direction from Congress that will relax, or at least a relaxing of the hard line position of the Bureau of Public Roads with reference to the two points on which an agreement is called for.

The problem there is that they hope they will be able to get a wider definition of the unzoned commercial and industrial area where signs will be permitted in the county and rural areas and that there will be acceptance of customary use in size, lighting, and spacing.

So, you have a State that has a law, but has not reached an agreement. This is the situation in New Mexico. It is causing them problems. One of the main problems in the State now is that highways are being built, signs are having to be removed, the States says, "Okay, we can't buy the sign, we can't take it down." They are issuing relocation permits that places the sign in the position of being paid for in the future when it is removed under beautification. The Bureau of Roads in Denver has advised them that they cannot continue this practice.

Now, the situation in Colorado is even more confusing, if it can be and still be associated with the other States. We have the third extension of the moratorium. We do not have a compliance law. One was introduced in the last session of the legislature that has just ended, our general assembly.

It passed the senate; it was turned down and defeated in the house, and principally the reason that it was defeated has to be two things: No. 1, they are not convinced that we are going to have an effective outdoor advertising control program under highway beautification, due primarily to the fact that funds have not been available to fund the law for those States who have complied; and No. 2, on the question of just compensation. This has just caused the State to not take a firm position as to whether or not compensation actually has to be paid, and if you will read my testimony with reference to this point, I think you will see why this question is so important and so confusing on the State level.

Now, in these four States, gentlemen, all in the same district of the Bureau of Public Roads, these are the conditions that exist, and I do not believe that the fault lies with the States or the highway directors. I am personally acquainted with Mr. Stapp and Mr. Shumate, both of whom are fine gentlemen. They are trying to do a job. They have

been saddled with the problem. They really don't know what to do with it either.

I think all of these States, if there was some relaxing of the hard line position with reference to the definition of an unzoned or commercial area as it applies to our States, our open space States, if we did have a place where we could advertise in the rural area and they were not forced to buy almost 90 percent of the rural signs, and there was an expression and a clear indication that the bill was going to be funded, that they would line up and would support beautification.

Thank you very much.

Senator JORDAN. Could you offer an amendment that you think might solve your problem and the problem of all the majority of the sign people who do rural advertising? I agree with you that the present act discriminates drastically against the rural areas, because, as you pointed out, there is just no commercial outlet—

Mr. MARTIN. That is right.

Senator JORDAN. So, do you think that some kind of amendment should be made to the present Highway Beautification Act? I am not talking about Senator Hansen's; I am talking about as a general rule, something which would lessen this problem of the rural areas for the sign companies such as yours and Mrs. Cram's and, I presume, a great many others.

Could you submit some kind of a statement to us that you think would remedy this situation or amend this present law?

I thoroughly agree something should be done to this law. I was on this committee when the law was passed and I was not totally satisfied with it at that time. I think outdoor advertising has a very vital place in the United States. I travel a great deal myself, and often I look down the road when I want to find a motel or gasoline that I have a charge account for.

Mr. MARTIN. I don't believe an acceptable substitute has been found for outdoor advertising Senator Jordan. Yes, we would be happy to draft what we hope would be a broader definition of the unzoned and commercial areas as it would apply to our open space States. We would be happy to do this.

Senator JORDAN. That would be helpful.

Senator COOPER. I agree. I sponsored this act in the very beginning, although in 1965 I believe it was, I offered several amendments and they were incorporated into the act, dealing with signs and with zoning. I thought they would be helpful.

Apparently we haven't been too helpful, but in addition perhaps some new language in the bill might allievate this situation.

As I thoroughly read your statement and listened to you, I think you are arguing that considering the uncertainty in this situation the Bureau of Public Roads must not be so harsh in its application. At least that there must be some flexibility in the application of this law. That is what you are arguing for, is it not?

Mr. MARTIN. Very definitely.

Senator COOPER. So, that every sign owner will have some clear idea of what his obligations are.

Mr. MARTIN. No man can operate his business, Senator Cooper, up in the air. You have to have some tangible points, and we need them. Our States need them.

Senator COOPER. If we are going to have this law, I think some way we have got to arrive at some payment, compensation.

Mr. MARTIN. One other thing, Mr. Chairman, if I may comment. Senator Boggs asked a question yesterday with reference to reaching an agreement prior to the passage of the compliance law in a State. I would like to make one comment briefly on that. This has been attempted. It was attempted in the State of Wyoming.

Even though they had a law and had been told it was not a compliance law, Mr. Stapp was asked by the Bureau of Public Roads to reach an agreement that could be submitted to the 1969 legislative session for ratification.

Now, I think there has been great concern by those who are charged, and properly so, with the responsibility of the enforcement and implementation of the law in getting agreements reached, and they have used this method, and although there are several States that have done this, I know that the Wyoming Legislature for one would have been highly incensed if Mr. Stapp had had any part of this. He did not, to his credit, and this I think is one of the ways that implementation has been attempted that should be stopped. I do not believe this a proper legislative process.

Senator JORDAN. Thank you very much. We appreciate the testimony of all of you this morning.

This subcommittee will recess until Tuesday of next week at 10 o'clock. I believe we heard everybody who was here this morning.

(The following statements were received and ordered to be included in this printing:)

AMERICAN ASSOCIATION OF STATE HIGHWAY OFFICIALS,
Washington, D.C., June 17, 1969.

HON. JENNINGS RANDOLPH,
Chairman, Senate Public Works Committee,
New Senate Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: This letter is in response to your notice of May 26th, 1969, announcing hearings as captioned above.

The statement in your notice is correct in that Title 1 of the Highway Beautification Act of 1965 has not been effectively implemented, primarily because of the lack of funds. Although the Beautification Act of 1965 is an integral part of Title 23, U.S. Code, Highways, and the State highway departments have a great interest in the matter, other State agencies and officials have become involved in the program.

There has been considerable discussion at the level of the State Legislatures where the States have sought enabling legislation. About half of the States have executed agreements with the Bureau of Public Roads in regard to the program at this time.

One State has been able to obtain the necessary State legislation for a rather effective program involving the control of outdoor advertising, but has been advised that it is not acceptable, inasmuch as it does not involve the payment of just compensation.

Public hearings were conducted by Bureau of Public Roads personnel in the several States in order to determine the viewpoint and practices regarding outdoor advertising in the several States, as a means of developing administrative details of the program, and in securing executed agreements with the States. This procedure, of course, involved many State agencies other than the State departments, so, therefore, it is the opinion of our officers that AASHO should probably not appear before your Committee speaking for the State highway departments, which is our role.

We have no concern whatsoever regarding the abilities of our Member State highway departments to carry out an effective and highly satisfactory beautification program upon the limits of the highway rights-of-way, but we do believe that your Committee should take a rather close look at the total program to

date, and particularly the variations that exist between the various States, to determine if these variations might in some way be used to negate the effectiveness of the program, particularly in regard to the control of outdoor advertising.

Your Committee, we believe, should make an evaluation of what the public is likely to obtain for the money that is expected to be expended for the control of outdoor advertising, and see if it coincides with the intent of Congress and results in aesthetic enhancement of areas bordering our highways.

We wonder, also, if sufficient consideration has been given to allowing attractive signing, in accordance with certain specifications at appropriate places, to give motorists the type of information that they desire regarding motorist accommodations, points of interest, recreational areas, vacation centers, and the like, which are all highway-oriented and depend upon the highways and such signs for their business, and where the traveling public depends upon such signing for its information.

We appreciate the opportunity of submitting this letter for the record.

Respectfully submitted.

ROSS G. STAPP,
President.
A. E. JOHNSON,
Executive Director.

THE AMERICAN INSTITUTE OF ARCHITECTS,
Washington, D.C., June 30, 1969.

HON. JENNINGS RANDOLPH,
Chairman, Committee on Public Works,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The purpose of this letter is to offer suggestions for improving the effectiveness of the Highway Beautification Act of 1965, and to lend our support to the enactment of S. 1442, legislation sponsored by Senator Moss to authorize the Secretary of Transportation to enter into agreements with one or more States for the purpose of carrying out one or more pilot programs to determine the best means of removing visual blight from our highways.

National concern in the field of outdoor advertising control is readily apparent. Since 1965, thirty-two States have enacted outdoor advertising control legislation. More State legislatures are expected to consider such legislation during 1969. In addition, the Department of Transportation reports that it "has reached agreement pursuant to the requirements of 23 U.S.C. #131(d) with 21 States on size, lighting, and spacing standards consistent with customary use and on the definition of an unzoned commercial or industrial area."

Effective action is hamstrung, however, because the available money has been inadequate for the task. In 1967, Secretary of Transportation Boyd pointed out that there were over one million nonconforming billboards to be removed at a cost of \$558 million. Only \$80 million in each of 1966 and 1967 was available for billboard control and no money was available in 1968 or 1969. For fiscal year 1970, only \$2 million is available. This Committee and the Congress must soon consider authorization for fiscal year 1971 to continue the highway beautification programs after their expiration on June 30, 1970.

Admittedly, the cost of removing visual blight from America's highways is substantial. But, when one considers that the beautification funds necessary to preserve our highway investment are only a small percentage of the total Federal-aid highway expenditures, we think that this is public money well spent. Even with wartime expenditures, the amenities of the American environment must continue to be encouraged. The question is how can we make the best and most effective use of the moderate resources available.

We believe that one acceptable approach is embodied in S. 1442. This bill authorizes the pilot programs necessary to explore possibly more effective means of controlling outdoor advertising than that presently contained in the Highway Beautification Act. If S. 1442 is enacted, we understand that one such pilot program which may be adopted is the "Snarr Approach," to billboard control, a method favorably received by the Department of Transportation. This approach calls for acquiring by contract all of the nonconforming signs of an advertising company at one time, and authorizing the owning company to dismantle and remove the signs on an agreed time schedule. We believe this procedure merits a fair trial. Inasmuch as the law requires the distribution of Federal funds to all States by formula, and because of the small resources available for outdoor advertising control, the present beautification program

is virtually at a standstill. Authorizing the use of Federal money for a few States would permit effective concentration of the limited resources presently available to achieve definite progress. Therefore, we approve of the \$5 million proposed authorization to finance this pilot program.

We believe there is at least one other area where the existing highway beautification law can be improved. The Act presently *requires* that "just compensation" be paid for the removal of outdoor signs. This provision should not be mandatory for States which are able to control outdoor advertising under their police power. Many States already have effective billboard control relying on judicious use of the police power. Quite clearly, the Federal "just compensation" requirement disrupts the principles upon which these State controls are based.

We strongly suggest that the Highway Beautification Act be amended to permit a State to provide for effective control of billboards by whatever means it deems proper. This will permit a State to compensate but will not require it. It will also result in more effective utilization of the limited Federal resources by removing, in some cases, unnecessary financial obligation.

We would not favor limiting outdoor advertising control to pilot programs. As priorities permit, Congress should continue to fund the basic legislation which requires available money to be apportioned among the States. We, therefore, urge that in addition to the \$5 million proposed authorization for the pilot program the Committee favorably consider authorizations for the Highway Beautification Program as requested by the Department of Transportation.

We are most appreciative of the opportunity to present our views.

Sincerely,

REX W. ALLEN, *President.*

STATEMENT OF THE GARDEN CLUB OF AMERICA

The Garden Club of America, a national organization with member clubs from coast to coast and in Hawaii respectfully requests that this Statement be included in the record of the hearings on S 1442 and S 561.

We have been fighting billboard clutter for 56 years without compromise and we stand unequivocally for safe, scenic highways. We approve the intent of the Highway Beautification Act of 1965 but did not support this in the form in which it was finally enacted as we felt the legislation would prove unworkable, and that to permit signs in unzoned commercial and industrial areas was inviting accidents.

We opposed the Federal Aid Highway Act of 1968, much of which appeared to us to have been tailored by the self-interests of the highway lobby, and we are unalterably opposed to mandatory compensation for the removal of billboards. We consider the erection of billboards along a public highway to be a privilege, and not a right, and therefore not subject to compensation. A billboard has value only as long as the highway provides a captive audience for it. In other media (newspaper, magazine, radio and television), the advertiser pays for the audience. In the case of billboards the taxpayer provides the audience at no charge to the advertiser.

In lieu of mandatory compensation, we urge that lawfully existing billboards be allowed to run the terms of their contracts with the existing advertiser on the billboards, with no right to resale to a new advertiser.

Modern roads and the speed they accommodate have outmoded roadside advertising, and we cannot understand why the Congress is fearful of working a hardship on the billboard industry which has known since the inception of the Interstate System under President Eisenhower over 14 years ago that billboards would not be acceptable on the new highways.

We cannot therefore support S 1442 and we respectfully suggest that the stringency of the Federal Government does not warrant the expenditure of the five million dollars required in this legislation which would appear to us to only actually benefit one or two outdoor advertising companies. We plead instead of the enactment of S 1442 or S 561 for a re-examination of the Federal Aid Highway Act both by the Department of Transportation and by your Committee with full focus on its original intent for safe, scenic highways.

(Whereupon, at 12:08 p.m., the subcommittee recessed to reconvene at the call of the Chair.)

