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TRAVERSING THE TWISTS AND IMPACTS OF THE HIGHWAY BEAUTIFICATION ACT UPON SMALL BUSINESSES

HEARING

BEFORE THE

SUBCOMMITTEE ON RURAL ENTERPRISE, AGRICULTURE, & TECHNOLOGY

OF THE

COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES

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CONTENTS

WITNESSES

	Page
Kothe, Sarah, House of Os Bed & Breakfast	5
Taylor, Professor Charles R., Villanova University	7
Byrnes, Chris, Defenders of Property Rights	8
Gorin, John P., National Association of RV Parks and Campgrounds	10
Eck, John P., National Association of Truck Stop Owners	12
Martin, Joe, American Hotel and Lodging Association	13
Maguire, Meg, Scenic America	15

APPENDIX

Opening statements:	
Graves, Hon. Sam	23
Prepared statements:	
Kothe, Sarah	26
Taylor, Professor Charles R.	30
Defenders of Property Rights	35
Gorin, John P.	44
Eck, John P.	47
Martin, Joe	51
Maguire, Meg	55
Huber, Karen	71
Frantzis, John	73

HEARING ON TRAVERSING THE TWISTS AND IMPACTS OF THE HIGHWAY BEAUTIFICATION ACT UPON SMALL BUSINESSES

THURSDAY, MAY 15, 2003

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON RURAL ENTERPRISES, AGRICULTURE AND TECHNOLOGY,
COMMITTEE ON SMALL BUSINESS
Washington, D.C.

The Subcommittee met, pursuant to call, at 12:59 p.m. in Room 2360, Rayburn House Office Building, Hon. Sam Graves [chairman of the Subcommittee] presiding.

Present: Representatives Graves, Ballance.

Chairman GRAVES. I think we will go ahead and get started. The Ranking Member, Mr. Ballance, had to go to the Floor for a few minutes. He should be back very shortly and join us.

I do want to say good afternoon, and welcome to the Rural Enterprises, Agriculture and Technology Subcommittee on the Small Business Committee. We are going to, in the interest of time, try to keep everybody's testimony to five minutes.

We do have a vote scheduled for 2:00. Depending on whether or not that is hit or not, when that vote hits we will probably lose everybody or most everybody in the room, so we are going to try to get through all the testimony first because that is the most important thing is to have testimony on record, and then we will see about questions. Hopefully we will be able to get to those, too, but we do want to get through all of the testimony, so we are going to try to keep everybody to the five minutes.

I might explain the lights down there and how they work. You will have a green, and then it will go to yellow when you have one minute left, and then it will show red when time is up.

I will go ahead and give my opening statement, and then we will see if Mr. Ballance is able to be here before I am finished.

Today we are discussing the impact of the Highway Beautification Act, or HBA, on small businesses across America. When President Lyndon Johnson signed the Highway Beautification Act of 1965, he did so with the intent to insure effective control of billboards along our highways. The bill controls outdoor advertising along interstate and federally-aided primary highways.

While the legislation allows for billboards in commercial and industrial zones, it mandates a state compliance program that includes the development of state standards and promotes the removal of illegal signs. The law failed to take into account its effect

on small business, particularly in rural areas that rely heavily on billboard advertising. These federal burdens are extremely anti small business.

Seventy to 80 percent of billboard advertising is utilized by local business, and the majority of this is small business. In rural areas such as in my district or large parts of my congressional district, local business utilization jumps to 90 percent. Two-thirds of billboard advertising in rural areas is for the travel and tourism industry.

In the rural areas, billboard advertisement is the most effective and cost efficient means of advertising. Since 80 percent of all travel in the United States is by car, newspaper, radio and TV ads do not capture passing travelers. Billboard advertisements are the only medium that targets that market.

Numerous studies all point to the same conclusion. Billboard advertising significantly contributes to those businesses that utilize or are allowed to utilize advertising. Commercially, businesses that have lost signs lose business.

Bob Evans Restaurant did their own experiment on billboard advertising. They covered up several of their billboards along interstates to measure the advertising effectiveness. The impacted restaurants reported a 10 percent loss of sales during the time that the billboards were out of sight.

Studies show that an estimated 82.2 of small businesses would lose sales if they did not have access to billboard advertisement. In rural America, outdoor advertising serves a variety of functions for small business owners. Billboards allow small businesses to give directions to their place of business, information on the products and service that their business offers and the price of their products and services.

However, small businesses do not have the funds to spend on extensive advertising. Therefore, they rely on billboards indicating to the passer by the location of their business. The outdoor advertising provides convenient information to consumers who use the directions and the critical product identification for the businesses who benefit from increased commercial activity.

The Intermodal Surface Transportation Efficiency Act of 1991—it was called IST—amended the Highway Beautification Act of 1965 to prohibit billboards placed on designated scenic byways that are part of the interstate or primary highway system. In addition, IST and the subsequent HBA amendments directed additional federal funds towards billboard removal and control.

I fear that broad federal regulations have severely restricted small businesses' ability to remain competitive. Simply put, small business in rural communities that thrive on the patronage of their community and those outside their city limits cannot survive under current laws governing outdoor advertising.

I would like to recognize—well, he is not going to be here; he should be here shortly—Mr. Ballance.

This is also an issue that I have dealt with extensively in my time in the state senate too on the Transportation Committee, and I look forward to this particular angle from the small business perspective.

We will go ahead and jump right into statements from our witnesses. I do want thank you all for being here. I know some of you have come a long way to be here today.

Before we get started, I do want to ask unanimous consent to include statements from all the Members in the record. I think we have that.

[Mr. Graves' statement may be found in the appendix.]

Chairman GRAVES. Here is Mr. Ballance. You are just in time. I will go ahead. Would you like to give an opening statement?

Mr. BALLANCE. Yes, I would.

Chairman GRAVES. Okay. I just finished with mine. If you want to go ahead and go through yours, that would be fine. I asked for unanimous consent, too, to make sure all the Members' statements are recorded in the record.

Mr. BALLANCE. Thank you, Mr. Chairman, and good morning to everyone. I would like to give an opening statement.

The purpose of today's hearing is to review the effect of the Highway Beautification Act on small businesses. This legislation, enacted in 1965, controls outdoor advertising along more than 300,000 miles of the nation's highway system that allows the location of billboard in commercial and industrial areas and requires just compensation for the removal of non-conforming billboards.

The Committee is holding this hearing because the Act will be reauthorized as part of the Transportation Equity Act and because of its importance to the travel and tourism industry, which our economy depends so much upon.

It is important that as we look at this legislation today we balance the needs of the travel and tourism industry to advertise their services with the need to protect the natural scenic, historic and architectural tourist sites on which these small businesses depend.

As you may know, Mr. Chairman, I was born on a farm in rural eastern North Carolina, and I am well aware of the plight of small business owners in rural America. In fact, 98 percent of North Carolina's businesses are small firms, and they employ 47 percent of the state's employees.

Clearly, effective advertising is critical to our nation's rural and small businesses. What I think is important for the Committee to explore is not only the role billboards play in rural small business advertising, but also what other tools exist that can help them get their word out.

Listen to any small business owner, and you will always hear how they are trying to make ends meet. One of the most strapped areas in their budgets is advertising, which means that money spent in this area must give them the most bang for their buck. When you look at billboard cost in comparison to other advertising costs at a small business owner's fingertips, billboards can be prohibitively expensive. The average rent for a billboard is approximately $2,000 per month.

Effective signage alternatives such as logo signs and tourist oriented directional signs can increase business at a lower cost without detracting from the character of the community. The typical highway logo sign maintained by a state transportation department costs roadside businesses an average of $800 per year.

Logo signs and tourist oriented directional signs also level the playing field for small businesses. Rather than having to compete with a 1,200 foot McDonald's Value Meal sign, small businesses can get a value for their dollar by advertising on these signs, in guidebooks and on the Internet.

Advertising on the D.C. Chamber of Commerce Web site costs a small businesses between $3.50 and $12.50 per year, depending on the number of employees. An ad in Missouri's official visitor's guide costs a small business as little as $16.75 per year with 525,000 publications being printed.

I take very seriously any federal law that unfairly or unnecessarily places small businesses in further jeopardy. I have been acutely aware of the billboard situation in my home state. North Carolina ranks ninth in the nation for the number of billboards per state with more than 10,000 permitted billboards on federal aid highways. This translates to almost two billboards for every mile, with a person seeing at least 89 bills in an hour long trip.

I am coming to a close, Mr. Chair. Part of the problem North Carolina is facing is that the federal government has not provided funding necessary to remove non-conforming signs. I strongly believe that we should not be going in and taking down billboards without providing compensation. However, we have failed to provide the means necessary to do so, and states are unable to bear the cost themselves.

Keeping this all in mind, what we also need to be looking at are the positive aspects of billboard control. Removing billboards does not hurt the economy, but rather increases business as more tourists flock to areas that preserve their natural beauty.

For example, in Vermont tourism spending rose 50 percent in the two years after it became billboard free. In the 10 years following its ban on billboards, retail sales in Houston, Texas, increased 100 percent. More than 700 communities nationwide prohibit the construction of new billboards as a means to protect community character and quality of life, both of which directly impact local economies. In my home state, more than 90 communities prohibit the construction of new billboards, including prime tourist destinations like Durham, Kitty Hawk, Nags Head and Sugar Mountain.

Continuing to control billboards through the Highway Beautification Act will help small business owners attract tourism to their communities, increase their economic well being and help their businesses thrive.

Mr. Chairman, clearly small businesses in rural communities have challenges when it comes to getting the word out about their services. I want to thank you for highlighting this issue and the need rural business owners have for assistance.

I look forward to working with you on this issue. I hope that in our discussions today and in the future we can look beyond billboards as the answer to small businesses' advertising struggle and look to issues such as identifying the best advertising medium for a particular business and ensuring that small businesses are able to take advantage of the vast advertising opportunities available through the Internet. Then we will truly ensure that our rural small businesses have the tool they need to succeed.

I want to thank the witnesses for taking the time to be here today. I look forward to hearing their discussions.

Thank you very much.

[Mr. Ballance's statement may be found in the appendix.]

Chairman GRAVES. Thank you, Mr. Ballance.

At this time I would like to welcome our first witness, who is Sarah Kothe. She is the owner and operator of House of Os Bed & Breakfast. She has traveled out here to Washington with her husband, Gary, from Salisbury, Missouri, and I welcome you here.

Thank you for being here, and I look forward to your testimony.

STATEMENT OF SARAH KOTHE, OWNER AND OPERATOR, HOUSE OF OS BED & BREAKFAST, SALISBURY, MISSOURI

Ms. KOTHE. Good afternoon, Chairman Graves, Ranking Member Ballance. It is an honor and a privilege to have the opportunity to share with you my story about my small business that has been affected economically by the Highway Beautification Act of 1965 regarding signs along federal and state highways.

My husband, Gary, and I live approximately seven miles south of the small, rural town of Salisbury, which is located in Chariton County, Missouri. It is approximately halfway between St. Louis and Kansas City. Salisbury is about 12 miles west of Moberly, which is the home of General Omar Bradley Airport, and northeast of historical Arrow Rock, Missouri.

Salisbury has a small motel, typically used by construction workers, but did not have a bed and breakfast. I saw the need and the opportunity to be successful in opening a bed and breakfast. After Gary's father's death in 1997, we inherited his house, which is located just east of our home and the center of our farm. This was the logical place for my dream to come true. I named my bed and breakfast House of Os, after my father-in-law.

We are very proud of our efforts, as we know Os would have been. We are a very hard-working farm family where many sacrifices have been made to be able to own and operate our business. Os loved being with people, having good conversation and lots of laughter. We feel the bed and breakfast is a tribute to him, and we enjoy sharing his love of the rural life with others.

Naturally, we are located in a rural area. We felt in order to promote the House of Os an outdoor sign was the most efficient and affordable means to attract and direct business. My business is difficult, at best, to find without signs directing the route to my place of business.

I have three children. I am a granny with four grandchildren and another expected this fall. All of my family enjoys coming home to the farm where they pitch in to help with the chores, but also enjoy the relaxing atmosphere and peacefulness that the rural life offers.

Gary and his father, Oswald—we called him Os—they farmed together 900 acres until Os' death in 1997. This operation is labor intensive, and Gary is limited to his daily activity due to progressive rheumatoid arthritis.

I retired from employment with USDA FSA County Office approximately three years ago chiefly to be around home to help Gary with our farming operation. I also had health issues, which included malignant lumpectomy with maximum radiation treatment

in 1999, along with another bout of cancer resulting in mastectomy in June of 2002, and I am on continuing therapy.

I had long dreamed of operating the bed and breakfast, so retirement did not necessarily mean quit working. Instead, I was able to have the best of both worlds—to run my bed and breakfast and to be home with Gary.

We inquired of the Missouri Department of Transportation about permits before installing a directional sign. We were told by MoDOT employees that as long as the sign was placed out of the path of their equipment for snow removal, they saw no need for a permit. We proceeded to install a two foot by four foot metal sign in the field at the corner of Highway 5 and County Road 416. We were given permission by the landowner to place the sign in her field.

All was well until Kaye Stacy, MoDOT Outdoor Advertising Permit Specialist, notified us that we had 30 days to remove the sign. I expressed my concern that customers would not be able to find the bed and breakfast, but to no avail. I was informed that I had no permit on record, and when I asked to be forwarded an application for such, I was told I could not apply.

At this point I obtained an attorney to assist me in this matter. I was informed that because I was in a rural community with no commercial business within 600 feet of the sign and because the sign was not on land contingent with my bed and breakfast, MoDOT would remove this sign at my expense. Needless to say, the sign came down, and it remains down.

As a result, my business has suffered drastically. Because I no longer have any outdoor advertising, even my neighbors ask me if I am still in business. The resulting effects of the Highway Beautification Act of 1965 has stifled my business. As a small business owner, I work hard to fully comply with all the rules and regulations regarding my business. For rural businesses, outdoor signage is the most useful and economical sound means of advertising.

Again, thank you, Chairman Graves, Ranking Member Ballance. I will be happy to answer any questions you may have.

I also have with me the correspondence from MoDOT and my attorney, as well as a photograph of my sign, which has been removed, if anybody wants to review this.

[Ms. Kothe's statement may be found in the appendix.]

Chairman GRAVES. Thank you, Ms. Kothe.

We are now going to hear from Professor Charles Taylor. Professor Taylor is a Professor of Marketing at Villanova University. He received his Ph.D. in Marketing from Michigan State University. He is currently president-elect of the American Academy of Advertising.

Professor Taylor has been selected as a Fulbright Senior Scholar by the Council of International Exchange of Scholars. He is listed in Who's Who in American Education and Who's Who in the World.

Thank you, Professor Taylor, for being here. I appreciate your testimony.

STATEMENT OF CHARLES R. TAYLOR, PROFESSOR OF MARKETING, VILLANOVA UNIVERSITY

Mr. TAYLOR. Thank you, Chairman Graves. Chairman Graves and Ranking Member Ballance, thank you very much for inviting me to testify today.

Over the last 14 years, I have conducted extensive research on outdoor advertising, its regulation and its impact on business, and today, as you requested, I would like to give you my view of how the results of my studies impact on outdoor advertising.

Chairman Graves already mentioned in his opening remarks that in rural areas billboards predominantly serve small, local business. This is a well established fact that the vast majority of businesses in rural areas are small, local businesses.

There are several specific points I want to make. First off, billboards provide bottom line value to many small businesses. A large scale, national survey of billboard users that I conducted that will be forthcoming in the Journal of Advertising Research, a peer reviewed journal that is well respected in my field, showed conclusively that billboard owners believe that they will lose business if they lose access to billboards.

The average estimate of lost sales among small businesses was more than 18 percent in terms of those who use billboards estimating how much they would lose. Follow-up studies show that the same is the case in Texas and Missouri. The overwhelming majority of billboard users indicate that they will lose sales if they do not have access to billboards, and small businesses are even more prone to indicate that they will lose sales.

Another point I want to make is that small businesses use billboards primarily to provide information to consumers. A content analysis study that was published in the Journal of Public Policy and Marketing in 1994 and a follow-up published in the same journal in 1997 showed that by far the most common use of a billboard was to provide directions to a place of business. In fact, nearly 75 percent of the billboards in the Michigan study I did provide directions to a place of business.

It is also important to mention that in addition to directions, billboards allow businesses to communicate other types of important information to consumers. As such, motorist information panels or TODs are completely inadequate substitutes for billboards in rural areas.

I say this for three primary reasons. First off, motorist information panels do not provide adequate ability to give directions to hard-to-find locations. If you happen to be located just off the interstate with a big on-premises sign they might be able to find you, but if you own a small bed and breakfast that requires a little bit more directions than that then you are in trouble.

A second key issue and reason why motorist information panels are inadequate is that these other types of information are extremely important to communicate to consumers. For example, you might want to communicate information about the quality of your product offer. If you are a hotel, you might want to mention that you give an AARP discount or that the AAA approves you. If you serve hamburgers, you might want to indicate that they have 100 percent beef.

You might want to provide information on convenience like you are open 24 hours on a billboard. You cannot do that on a motorist information panel in any context that I know about. You might even need to tell what you offer. If you are a gas station or mini mart, you might want to note that you sell soda and sandwiches on your billboard, something again you cannot do on a motorist information panel.

The third reason why motorist information panels are inadequate is because they do disproportionately harm small businesses. A huge business like McDonald's that has invested millions of dollars in advertising over the years gains from that brand equity, and people instantly know what to expect at McDonald's, where if you are Joe's Hamburger Shop they do not know that.

I would also like to mention, to summarize and close, a couple of brief points. My studies also show that billboard users overwhelmingly believe that other media are not substitutes for billboards, and there is nobody better to ask whether there are substitutes than the billboard users. Every advertising textbook out there will also tell you that these other media are not good substitutes for billboards, especially for small rural businesses.

One other misnomer I would like to address is the notion that a large proportion of the public is against billboards. In fact, a meta-analysis study of 36 public opinion surveys of billboards, every major one I could find recently, shows that only about 20 percent of the public favors bans on billboards and that 82 percent of the public—this is an average across all the studies that have been conducted over time, literally thousands of observations—agree that billboards help businesses to attract customers.

Chairman Graves and Ranking Member Ballance, thank you very much for the opportunity to address you.

[Mr. Taylor's statement may be found in the appendix.]

Chairman GRAVES. Thanks, Professor Taylor.

We do have a vote that was unexpected at this point. It is an appeal of the ruling of the Chair, I believe. I think we will recess just for a few minutes. We will go over and vote and then be right back over. So if you will just sit tight, it should not take us very long at all.

We will recess for it. It will take us about 10 or 15 minutes.

[Recess.]

Chairman GRAVES. We can go ahead and get started again. Mr. Ballance should be right behind me somewhere.

We just heard from Professor Taylor. Now we are going to hear from Chris Byrnes. Chris—let me see—Defenders of Property Rights, which is kind of the angle we always took in the state legislature, too, so it will be interesting to hear your testimony. And I appreciate you being here today.

STATEMENT OF CHRIS BYRNES, COUNSEL, DEFENDERS OF PROPERTY RIGHTS

Mr. BYRNES. First, I would like to thank the Chairman and the Subcommittee for the opportunity to address the Highway Beautification Act and the effect of sign removal on small and rural businesses.

As an attorney with Defenders of Property Rights, I am deeply concerned about the forced removal of signs and the implications for the economic and property rights of these removals on small and rural businesses. Signs, both on premise signs and billboards, are absolutely essential to the economic vitality and survival of small and rural businesses. Currently signs are under siege at the state and local level by governments seeking to impose a sign-free, aesthetic utopia.

We have heard testimony today about the importance of signs, so I just sort of want to underscore that. The signs serve a variety of functions, both economic and non-economic. A 1969 study by the Federal Highway Administration found a high correlation between traffic safety and high visibility commercial signs.

Signs also support our $3 trillion-a-year retail industry. That is $3 trillion in revenues. $250 billion of these revenues are from advertising and marketing alone, so you can see that advertising is absolutely key to retail success for big and small businesses.

This is certainly true in the case of on premise signs. A study conducted by the University of San Diego's School of Business Administration found that addition or modification to an existing on-premise sign increased weekly sales by five percent. Addition of directional signs on a retail site increased sales four to 12 percent. This translates into on an annual basis to I guess a 4.75 percent increase in sales.

Now, sign removal, consequently, would translate into equal or greater decreases in revenue. This is especially important for small and rural businesses. Small and rural businesses are often financially ill equipped to weather a downturn in the realm of a 10 or 15 percent decrease in revenues.

An argument can be made or had been made that advertising is really not that important to small and rural businesses in terms of signs and billboards because they often rely on a long-established clientele, they remain in the same locations for years, and that customers can find them without the visual cues provided by a sign.

This may have been the reality four years ago, but this is simply not the case today. The increased mobility of Americans, business cycles spurring new customer bases in and out of rural areas all the time, they are no longer immune from business cycles, nor are they remote from most customers. In fact, many small and rural businesses cater specifically to out-of-town residents who are unfamiliar with the location, so advertising becomes even more essential, given the increased mobility and the specific demographic that they target.

Signs are under siege at the state and local government level on an unprecedented level. Four states now currently ban the construction of billboards all together—Hawaii, Vermont, Maine and Alaska. Rhode Island and Oregon have banned the construction of new billboards, and localities and communities in 22 states, many of which include rural areas, have banned the new construction of billboards.

Short of outright bans, a lot of communities have resorted to far more subtle methods of removing signs and billboards through a scheme called amortization. Luckily, the Highway Beautification

Act sort of forecloses this as an option for signs and billboards near federal aid highways by mandating the payment of cash compensation.

However, the threat still remains at the state and local level where a sign is declared non-conforming, the sign owner is given time to remove it, but the town or locality removing the sign does not pay just compensation as required by the Fifth Amendment to the Constitution.

The argument goes well, the market will reimburse the owner for any loss of property from removal of the sign because the time period will allow him to recoup his investment. That is simply not what the Constitution mandates. It mandates that the government pay just compensation for the removal of the sign.

Signs are absolutely essential to a free market economy and a free society, and Congress should certainly keep those concerns in mind when considering any changes of reauthorization to the Highway Beautification Act.

Thank you for the opportunity to speak to this issue. I would be happy to answer any questions you may have.

[The statement from Defenders of Property Rights may be found in the appendix.]

Chairman GRAVES. Thank you, Mr. Byrnes.

We are now going to hear from David Gorin, Gorin & King Associates. David, thank you for being here.

STATEMENT OF DAVID GORIN, KING & GORIN ASSOCIATES, NATIONAL ASSOCIATION OF RV PARKS AND CAMPGROUNDS

Mr. GORIN. Thank you very much, Mr. Chairman. Good afternoon.

My name is David Gorin. I am a government affairs consultant for the National Association of RV Parks and Campgrounds. I was the president of that association for 15 years before retiring recently, and in my past I have also served as the national chairman of the Small Business Legislative Council and have owned small businesses and do so today.

I want to congratulate both you, Mr. Chairman, and Mr. Ballance on your opening remarks. I think your comments and the statistics you have quoted were right on target and need to be heard more in the business community and among those people who have different views on the effectiveness of billboard advertising.

It occurred to me listening to your comments that one of the most effective kinds of research you can do in the small business community is simply to look at what small business people do. They do not spend their advertising dollars lightly. The number of billboards operated and owned by small business is probably the best kind of research as to the effectiveness of those particular billboards.

The National Association of RV Parks and Campgrounds, or ARVC as it is usually called, has a long history of support and recognition of outdoor advertising or billboards as a key element in the marketing and advertising strategies of our members in particular, of travel and tourism businesses specifically and small businesses in general.

As an industry comprised predominantly of family owned smaller businesses catering to highway travelers and tourists, our members constantly seek cost effective ways to reach that difficult moving target audience. A great deal of the industry has been built on the broad shoulders of large and small billboards along the highways with attractive graphics catching the attention of the traveler and ingenious copyrighters using an absolute minimum of letters to craft enough of a message to capture the mind of the viewer whizzing by at 55 miles an hour or faster.

Let me also emphasize that our comments today are endorsed by the National Travel, Tourism and Recreation Coalition for Surface Transportation. This coalition is comprised of national tourism and recreation organizations that support enactment of strong and adequately funded reauthorization legislation that reflects the interests and needs of the tourism and recreation industries.

It is important to note that for small businesses that serve the traveler, the choice of advertising media to reach that market is limited, and the importance of billboard advertising is very significant. Unless the highway traveler has had the opportunity to research their food, fuel, accommodations and attraction options in a particular area, the typical print, radio and television media serving an area is of no value to the small business or to the traveler.

While there are advertising options such as directories, brochure distribution in visitors centers, travel magazines and guides, Web sites and other various media, studies have shown, as you have indicated yourselves, that billboard advertising is among the most effective way for a travel or tourist oriented business to reach its market.

Studies conducted by various state tourism departments, as well as the outdoor advertising industry, indicate that highway travelers generally start considering their dining, accommodations and entertainment options approximately 30 to 60 minutes prior to the time they wish to make a stop. Without the important information provided by billboards in many parts of the country, the traveler is simply left to their own devices to find the necessary travel services they may require.

With over 80 percent of all travel in the U.S. being done on the road, providing information to the highway traveler is a big and important job. While new technologies and new advertising concepts may be helpful, none has proven as effective in both reach and cost as billboards.

We are well aware of the importance of the highway logo sign program in effect on most interstate highways. However, we do not consider that program as a viable alternative to billboards. Logo signs are small. They convey no message of value to the consumer other than to give notice that a particular business is located off the next exit.

They are of little value to a non-branded business that is not quickly recognized by the consumer, and they are located so close to the exit and are intended to provide some guidance for last minute or changed need or to merely provide a reminder of direction for a consumer who made a decision many miles before by virtue of a billboard.

I would at this point just point out the rest of my statement where we discuss a number of other issues related to the upcoming reauthorization of the highway bill and would encourage this Committee to look at other options of importance to small business in that particular bill.

Thank you.

Chairman GRAVES. Thank you, Mr. Gorin. I appreciate it.

[Mr. Gorin's statement may be found in the appendix.]

Chairman GRAVES. We are now going to hear from John Eck, who is the owner of Servicetown Plaza in Fredericksburg, Virginia. John, thanks for being here.

STATEMENT OF JOHN P. ECK, OWNER, SERVICETOWN TRAVEL PLAZA, NATIONAL ASSOCIATION OF TRUCK STOP OPERATORS

Mr. ECK. Thank you, Chairman Graves, Ranking Member Ballance. Thank you for the opportunity to testify today on the effects of the Highway Beautification Act on small businesses.

My name is John Eck, and I am the owner of Servicetown Travel Plaza in Fredericksburg, Virginia. I have been an independent travel plaza owner/operator for the past nine years. I employ approximately 70 people. We are located on Interstate 95 at Exit 133, approximately 50 miles south of Washington.

I am testifying today on behalf of NATSO, the national trade association representing America's travel plazas and truck stops. I also serve on the Virginia Department of Transportation Roadway Signage Advisory Committee.

The interstate highway system was built to efficiently move people and goods across the country. Without billboards, interstate travel becomes less efficient. People traveling from state to state need to know where they can stop for a meal, to fuel their cars and, in my case, most importantly, trucks and rest. Our businesses depend on the interstate motorists, and they in turn depend on us for food, fuel and rest.

We have heard countless of NATSO members who have seen the benefits of billboards, and in fact many NATSO members have stated that their business has experienced a significant drop in sales following a storm that damaged their billboard. A recent survey of NATSO members revealed that travel plazas consider billboards extremely important to the success of their small businesses.

More importantly, billboards are information tools for interstate travelers, and labeling billboards as merely advertising tells only a small part of the story. Billboards are critical links to service providers for drivers in unfamiliar territory.

For the long haul trucker spending many nights away from home, highway signage is an absolute necessity. Professional drivers require information about highway businesses. They cannot just stop anywhere. They need to know what facilities can accommodate their trucks, where they can fuel and eat, and they may not be familiar enough with an area to make shopping choices without highway signage to guide them.

Highway signage is particularly important to the truck stop and travel plaza industry and those that it serves. Truckers and other highway travelers account for approximately 90 percent, and often

more, of an interstate based travel plaza's business. A significant portion of these drivers are unfamiliar with an area and significantly rely on signage to locate places to stop for fuel, food and rest breaks. In fact, a recent industry survey of highway travelers found that two-thirds of those who were new visitors to a particular area reported that they observed highway signage.

Travel plaza operators spend most of their advertising dollars on billboards because it has proven to be most efficient in relating information about services to the customer base. It is estimated that the truck stop, travel plaza and truck fuel stop would lose 15 to 25 percent in sales if billboards were banned. This is particularly true in states where trees and shrubbery prevents motorists from seeing the travel plaza or even high-rise signage from the interstate. For an industry that generated $60.2 billion in sales in 2002, that would mean a loss of $9 billion to $15 billion each year.

Billboards are very important to truckers because the services provided by a travel plaza or truck stop vary widely. Some fuel stops, for example, offer little more than diesel and gasoline, while a full service truck stop or travel plaza might provide hundreds of parking spaces, fast food and sit down restaurants, convenience stores, motels, fuel, showers, truck repair facilities and more.

A trucker who is looking for a place to stop in the evening needs to know if that business offers truck parking. For truckers who are looking for a place to stop as their hours of service are expiring, signage can guide them to a safe, legal parking place.

People who need to stop in an unfamiliar area for emergency purposes or during severe weather certainly would not characterize a billboard as an eyesore, but as a critical tool.

There is no doubt about it. Small business owners like me need billboards and other highway signage to be able to attract motorists who are unfamiliar with the area. A small business owner cannot rely on billboards to communicate its specific offerings to motorists. RVers, bus drivers and truckers need to know where they can park. Families need to know where they can make one stop for gas and food.

Billboards are an extremely effective means of advertising. I simply cannot afford to rely on print or broadcast advertising and would reach far more individuals by a simple highway sign.

I urge Congress to support interstate signage so that the traveler can get more information that they need while on the road. Thank you.

[Mr. Eck's statement may be found in the appendix.]

Chairman GRAVES. Thank you, Mr. Eck.

We are now going to hear from Joe Martin, who is the owner/operator of the Best Western Mark Motor Hotel in Weatherford, Oklahoma. Is it Weatherford?

Mr. MARTIN. Weatherford. Yes, sir.

Chairman GRAVES. Thanks for being here.

STATEMENT OF JOE MARTIN, OWNER/OPERATOR, BEST WESTERN MARK MOTOR HOTEL, HAMPTON INN & SUITES, AMERICAN HOTEL AND LODGING ASSOCIATION

Mr. MARTIN. Thank you, Chairman Graves, Ranking Member Ballance.

As a representative of the American Hotel and Lodging Association and as an owner and operator of hotels, I would like to thank you for allowing me the opportunity speak about what has been for many years our number one advertising medium in marketing our hotels to the traveling public, namely outdoor advertising and billboards.

One of my locations is not unlike thousands across the U.S. It is a Best Western hotel located just off Interstate 40 in rural Oklahoma approximately one hour west of Oklahoma City in the community of Weatherford. The interstate bypasses the main part of our community, and our greatest opportunity to draw travelers into our community and to our hotel is provided by outdoor advertising or billboards.

We have done internal research over many years that shows us that approximately 70 percent of our customers arrive at our hotel as a result of our billboard advertising. We feel so strongly about the benefits of outdoor advertising that we actually own 10 of the 13 billboards that are used to market our hotel. We lease the other three from outdoor advertising companies. This is probably one thing that makes our property unique as it relates to the use of billboards.

Recently we had the opportunity to truly realize the importance of our billboards to our success. We had a landowner of one of our billboards that we owned that was near the exit to reach our hotel come to us to tell us that he had an opportunity to develop the land where our billboard was located and that we were going to have to remove the billboard. Of course, we complied with his request.

What we found as a result was after many years of remarkable consistency in our business, after removing this billboard we experienced a 10 percent decrease in business. After several months, we were able to lease a billboard location very near the one we lost, and almost immediately we saw a return to our normal business trends. This proved to us that our hotel's success and the jobs it represents in our small community is quite dependent upon our ability to maintain the use of outdoor advertising or billboards.

I recently built a Hampton Inn & Suites in Stillwater, Oklahoma, the home of Oklahoma State University. We have devoted 50 percent of our entire advertising budget to outdoor advertising, and many of our first time guests, even though we do other promotion, tell us that they did not know we were there until they saw our billboards.

I might also add that in some cases outdoor advertising provides a certain level of safety to travelers. We have all heard of stories of unfortunate situations where individuals or families have lost their way or taken a wrong turn only to find themselves in unfamiliar surroundings and very vulnerable to dangerous circumstances. In such cases billboards are not only used for marketing purposes as I have spoken of today, but they also are a public service to the traveling public.

Thank you, Mr. Chairman.

Chairman GRAVES. Thank you, Mr. Martin.

[Mr. Graves' statement may be found in the appendix.]

Chairman GRAVES. We are now going to hear from Meg Maguire. Meg is the president of Scenic America. I want to thank you for being here today.

STATEMENT OF MEG MAGUIRE, PRESIDENT, SCENIC AMERICA

Ms. MAGUIRE. Thank you very much, Mr. Chairman and Congressman Balance, for the opportunity to testify today.

I am Meg Maguire. I am the president of Scenic America. We have 25 organizations around the country, and both of your states have a Scenic America affiliate associated in those states, so we have some real familiarity with your states.

I think all of us would probably agree that there is a lot that is wrong with the Highway Beautification Act. I would take issue with a number of my colleagues here today on the panel, but certainly the Highway Beautification Act is not one that we think is a very good federal Act. On the other hand, it needs complete reform and not piecemeal action, and we are going to be urging the Congress after T–21 to take a look at the Highway Beautification Act as a whole.

I think all of us can agree that signs are necessary in America for people to get around, so I take issue with the gentleman from Defenders of Property Rights that we are somehow looking to have a sign free America. That is simply not the case. What we are looking for is a balance between information that signs provide and scenic beauty, the kinds of things that people are traveling now to experience.

Let me stick to what I understand to be the principal focus of this hearing today, and that is the issue of information about small businesses. First, let us dispel the notion that there are not a lot of billboards in America. Indeed, Ladybird Johnson's goal of beautifying America's highways has proven to be quite elusive.

In 1991, the Congressional Research Service estimated that there were 425,000 billboards on America's highways and that that number was going up by six percent per year. By any way you count that, whether it is a straight line or compounded, you would find that there are 731,000 billboards to 885,000 billboards on America's federal aid highways alone, not counting state roads and city streets, so we are not really talking about, you know, today getting rid of all of those billboards.

Visual pollution hurts local economies, and it lowers property values. While you are looking at this Act, I would encourage you to look at the experience of homeowners who have had billboards go up near their properties. There is a famous case in West Virginia where the property values of two homeowners were devalued by 30 percent because billboards went up.

Congressman Graves, in your own district—not in your district; in your state—this gentleman, Mr. McElfresh, built a home in the Ozarks in the 1950s because it is such a beautiful area. I have been there. A huge billboard went up in 1997, and now he cannot see the night sky. The bugs swarm around. I would really ask that you have a look at his situation as a property right. In my testimony I have included several other examples, and we have more to share with you.

On the question of scenic byways, I would urge you not to rely on billboard proliferation along scenic byways, but rather to work very closely to establish a widespread, tourist oriented directional sign program along our scenic byways.

Let me give you one example of billboard proliferation and the damage that it has done. In Holmes County, Ohio, which is a strong Amish county with weak billboard controls, they had applied for scenic byway designation, and while the Ohio Department of Transportation was considering that application 100 billboards went up throughout the county. Now they feel that they are not nearly as scenic as they were, and they are all heartsick about it.

Before we go to the Scenic Byways Program, I would urge you not to do that. Let us look at good signage for rural America. I think there are some landscape friendly alternatives to billboard advertising. Congressman Ballance mentioned some of those.

We are very interested in those new technologies and how small businesses can benefit from those. You have mentioned the Internet. There are also various kinds of in car technologies now. Certainly the Internet is one of the major ones, but there are also handy guides that you can keep in your car to tell you all the kinds of travel and lodging information that you would find at any of the interchanges along the interstate. As you are looking at this problem of small business, please do look very carefully at the variety of alternatives.

Billboards have been down in Vermont since 1975. The last one came down then. I do not know if you have traveled to Vermont. It is a beautiful state, and they have a very successful tourist-oriented directional sign program there that helps all small businesses.

Missouri now has one as well, and I believe that the folks who have testified today about their sign problem are indeed eligible for the Missouri TOD program. I have given them some information and some people to call. We think they got bad advice from the Missouri DOT, but I have given them some information to check out.

Let me just close by saying that the issue of travel and tourism today is a very important one in America. This is the third largest industry retail business that is growing, and it is tremendously important that we have good signage systems.

I would like to offer to work with this Committee on looking at how tourist-oriented directional signs might get a big boost from this Committee in helping rural America to be signed so tourists can find out about where these businesses are and also to call your attention to the National Scenic Byways Program, which is one of the best strategies for creating new small businesses and for getting people to patronize small businesses.

Since I am out of time, I will just submit my remarks for the record, and I appreciate the time to be here.

Chairman GRAVES. Thank you very much, Ms. Maguire.

[Ms. Maguire's statement may be found in the appendix.]

Chairman GRAVES. Everyone's remarks, too, in full, will be submitted for the record, if you did not happen to get through all of them.

I do want to start out with questions. One of the problems I have with the scenic byways, and this is directed to you, Ms. Maguire, is, you know, it is the property rights issue. We talk about, you know, signs going up and whether they should not go up or the scenery destroyed or whatever the case may be, but do you not think that to an extent that is a decision of the landowner?

I mean, it is the landowner's scenery, at least in Missouri. You know, should it not be their determination on whether or not they want signs? That is an infringement on property rights, I would think.

Ms. MAGUIRE. Well, the National Scenic Byways Program, and when the states agree to have a program they do agree that their scenic byways will be billboard free; that is, that no new billboards will go up. They do not require the removal of the existing billboards.

This is because the traveling public has a right to expect that when they get off on a scenic byway, whether it is a state scenic byway or a national scenic byway, that that will be a beautiful area, so those rules in the scenic byways program are really designed to keep certain areas that are designated by the states—these are not designated by the federal government. To keep those truly scenic.

Chairman GRAVES. They are not necessarily designated by the federal government, but the federal government forces the states into these programs, which I have a problem with mandates, by withholding or threatening to withhold federal funds.

Ms. MAGUIRE. That is not the case with the Scenic Byways program, not at all. You are eligible for a small pot of money if you are part of the Scenic Byways program. Right now it is only $26 million a year. There are no withholdings whatsoever for not being part of the Scenic Byways program.

We still have a couple of states that are not part of the program. However, they are seeking to become part of the program because it is a wonderful way for international advertising for the small businesses along those highways.

Chairman GRAVES. We accept your offer to work with us to come up with alternatives. As soon as we are done with T–21, we are going to address this issue. I know it is going to come up on the Transportation Committee, which I also sit on. We are going to be addressing this and using the testimony that was given here today to help guide us through that.

I do have a question for Ms. Kothe. Do you have any idea what happened after your sign was taken down, your business, how much it suffered? Do you have any statistics or anything like that?

Ms. KOTHE. I do not have any statistics so to speak. I know last year at this time I had as much as three to four on average per month confirmed reservations. Today I have no confirmations. I have some leads, but no confirmations.

Chairman GRAVES. Mr. Ballance?

Mr. BALLANCE. Thank you, Mr. Chair. I do have lots of questions. I am going to forego most of them. This is Thursday afternoon, and it is travel time.

To follow up, Ms. Kothe, as I understand it, the highway that your bed and breakfast is located on does in fact allow billboards. Is that correct?

Ms. KOTHE. Some are up, but I was told that mine was put up after the Grandfather Act, so I could not fall in that Grandfather Act.

Mr. BALLANCE. So it was not a matter that your sign did not conform; it was simply you were told that no other billboards were going up on the highway?

Ms. KOTHE. I was quoted the certain sections of the law and that it did not confirm with the mandatory size and type and all of that.

Mr. BALLANCE. Okay. I do not want to cut you off, but that could have been a conformity with some technical aspects of the bill?

Ms. KOTHE. Yes.

Mr. BALLANCE. Was your sign on the highway right-of-way, or was it on private property?

Ms. KOTHE. No, no. It was in a field off of there. Gary farms that field, and we rent it from the landowner. It was well in the field and away from the highway equipment and all, and so really the only one bothered by it was Gary as far as——.

Mr. BALLANCE. Again, I apologize. I do not want to cut you off, but I am trying to rush through this.

Do you advertise in any alternate type such as AAA, the Internet, any of those? Have you looked into those?

Ms. KOTHE. I am listed in Missouri Vacation Planner, and I have Internet. I have a Web site. I am a member of the Chamber of Commerce, so I am listed with that as well.

Mr. BALLANCE. All right. Dr. Taylor, to date very little data has been collected about the effect of limiting billboards on small businesses. I could say more about that, but would you respond to that issue?

Mr. TAYLOR. I would cite my study, my survey of small businesses, of businesses who use billboards. There were many small businesses who responded.

The main findings of the study were, first, that small businesses do not believe that these other media are substitutes. We have got the benefit of having people extremely knowledgeable in the hotel and restaurant business and truck stops here, and they are telling you the consumers do not make decisions this way.

You know, the vast majority of their business does not come from people who go on the Internet. You know, to have a good Internet Web site is not cheap either. I mean, if you have a Web site, I mean, you are reaching customers in Korea, in Germany, you know, as well as the local area. These people's business comes from people that are driving through the area in a lot of these contexts.

The other issue that came out of this study is that billboard users report that they will lose. The vast majority report that they will lose business if they are denied access to their billboards. Over 80 percent say that, and then the average loss among all businesses, even including those who report they will not lose any business, is about 15 percent, and among small businesses it is on the order of 20 percent.

Mr. BALLANCE. Now, would you agree that the Federal Highway Administration does not have comprehensive data on this issue and has not collected it?

Mr. TAYLOR. I do not know that the Federal Highway Administration has collected it. What I am suggesting is that I have done a relevant study myself.

Mr. BALLANCE. Was your study commissioned by anyone in particular?

Mr. TAYLOR. That study was supported by the Advertising Association of America. Yes.

Mr. BALLANCE. Okay. Also if I may just put this question to you. Your 1994 study also found that 74.2 percent of billboards in rural areas provide information that is potentially useful to tourists.

A similar study found that 72 percent of people surveyed in Rhode Island responded that they received either very little or no useful information about products and services from billboards. In Florida, the margin of those who derived more useful information from logo signs than billboards about restaurants, gas stations and other services were 63 to 16. In Missouri, the margin was 68 to 18 in favor of logo signs.

Can you explain these disparities?

Mr. TAYLOR. Yes. First off, my Michigan study was a content analysis, meaning we analyzed the information that is actually on the billboard, so it was not a survey of public opinion.

I believe the Rhode Island study that you cite was a phone survey where they started out talking about tons of different types of pollution. They asked consumers how they felt about litter, how they felt about sewage, you know, how they felt about air pollution, and then they started asking them questions about billboards, so my view is it is a very biased survey, unlike my studies, has not survived peer review and gotten into academic journals. I cannot take that kind of thing seriously, quite honestly.

Mr. BALLANCE. Mr. Chairman, I do have some other questions, but I think I am just going to forego. I understand that there are some planes that are warming up. People need to make connections.

Chairman GRAVES. We do have a few minutes yet. I do have a couple more questions if you want to ask too, Mr. Ballance.

Mr. BALLANCE. All right.

Chairman GRAVES. One is for Mr. Byrnes. In your testimony there was something I wanted to clear up, too, that I was curious about. You said that on-premise signs do not enjoy the same protections under the Highway Beautification Act as billboards. Did I hear that correctly?

Mr. BYRNES. That was in an earlier testimony. I do not think that is in the current draft of the testimony.

Chairman GRAVES. Okay. I did not know if you wanted to explain that a little bit further or not because I read that in one of the submitted testimonies.

Mr. BYRNES. I believe the Highway Beautification Act mandates just compensation for outdoor advertising structures, for the removal of them. There was some I guess confusion as to the implementing regulations as to whether on-premise or on-property signs

are also included within the definition of outdoor advertising structure.

Chairman GRAVES. Okay. Mr. Gorin, you had mentioned looking into other means of advertising. Do you have any ideas?

Mr. GORIN. Well, low frequency radio has been tried in several places and is used in the tunnel in Boston and some other places where regular signage is not available. On board communications, satellite communications. A lot of vehicles are being equipped with those kinds of things today.

I do not necessarily see any of those as adequate replacements or substitutes for billboards. I see them as additional media that small businesses will have available in the future. I do not think there is anything at the moment that I see coming that would replace highway signage as we know it today.

Chairman GRAVES. Mr. Ballance?

Mr. BALLANCE. Yes, Mr. Chairman.

Ms. Maguire, there are a lot of communities that are destinations for tourists. In my studies here, it seems that many of those communities do not want these signs. Am I correct on that? What is the impact in those communities of tourism?

Ms. MAGUIRE. First, the billboards are largely regulated at the state and local level, and so states can make decisions about most things having to do with outdoor advertising.

Your state, for example, Congressman Ballance, voted not to have billboards along the new I–40. In Missouri, in 2000 there was a ballot initiative, and 49 percent of the people in Missouri voted to stop new billboard construction; not to bring billboards down, but to stop new billboard construction. That is the best poll of all when people are voting at the polls about this issue.

The decision not to have billboards was reaffirmed in Alaska in 2000 by 72 percent of the voters. Vermont advertises on billboards in New Hampshire. There is a beautiful picture of a pastoral scene that is in your testimony saying come to Vermont. We have no billboards, and here is why. You see a beautiful, pastoral scene.

People take very different perspectives on this, but there is a lot of state and local control over these issues, and those communities, the list that I have handed out to you of the communities that have stopped new billboard construction, have said we have enough of these signs. We do not want them anymore. We do not want any more of them because they are beginning to detract from the very things that people come to our communities to see, and they have not suffered.

Houston, Texas, had a real problem attracting good businesses there in the early 1980s. They had 10,000 billboards, 10,500 in Houston. They clamped down on new construction, and today through attrition they have about 5,000, so the city is looking far, far better. That was the decision that Houstonians made. It was not something that the federal government had any business in.

I think that state and local governments really have a lot of control over this issue and are right at the heart of where the people are.

Mr. BALLANCE. What are your thoughts about the impact if we do not fund this just compensation issue from the federal level?

Mr. MARTIN. I think that this is one of the big problems with the Highway Beautification Act. We said you can remove billboards, but then we did not give any money out after the first couple of years.

It is really a forgotten piece of public business, and we think it is very important that this come into focus and get the kind of attention that it needs, but it has to be done with the proper facts.

I take issue with the research that Mr. Taylor has done. Again, we have results at the polls that would suggest that a lot of Americans do not want to see their communities littered with billboards, and this is in no way to detract from the tremendously important issues of small business signage.

If that is your point of departure, which I believe it is for this Committee, then you start not with the fact that we have lots and lots of billboards, but what is the best way to get people to those businesses, all kinds of businesses in rural America.

Mr. BALLANCE. Mr. Chairman, I am going to end with this. I am on this Committee because I support small businesses. I also count myself as an environmentalist. In my 20 years of public service, I just believe there is an avenue where parties can come together and reach an amicable solution.

Ms. Kothe, I am certainly concerned about your sign and your business, but I am also concerned that if we are serious about these billboards that we certainly have to put up our money. The states do not have any. I believe in the Fifth Amendment. We just have to work a little harder. Some of the alternatives that have been talked about here today may be helpful.

Thank you very much.

Chairman GRAVES. Thank you, Mr. Ballance.

I appreciate everyone being here today. This is a very important issue, and you are right. The focus of this Committee is small business and how billboards affect that, what effect it has on that business when those billboards are taken down.

Personally, I have not only that, but a second problem with it, and that is property rights. I do think people should also have the right to do what they want with their property when it does not affect others. You know, I can see property rights devaluation in maybe some of the urban areas. In the rural areas it is not so much of an issue, but I do have a problem with that.

I look forward to working with you on coming up with some solutions and looking forward to trying to come up with some solutions, alternatives as far as that goes, for small business to be able to get their point across and be able to give directions.

We will be working on this. After we get done with the federal reauthorization of the transportation bill, which is T–21—that is the new acronym for it—we will be looking into this, making changes. It will probably be a major overhaul of the bill because there are problems with it.

I look forward to working with all of you, if you can, to give us some input into that. All of your testimonies will be recorded. We appreciate that. That is the most important part is to get that on record so we can use that.

Again, I want to thank everybody for being here today and taking part. I apologize for the vote in the middle of the hearing, but that is obviously part of what we do out here.

Thank you very much for everyone coming. The hearing is adjourned.

[Whereupon, at 2:19 p.m. the Subcommittee was adjourned.]

Good afternoon and welcome to the Rural Enterprise, Agriculture, and Technology Subcommittee of the house committee on small business. Today we will be discussing the impact of the highway beautification act on small businesses across America. When President Lyndon Johnson signed the Highway Beautification Act of 1965, he did so with the intent "to insure effective control of billboards along our highways." The bill controls outdoor advertising along interstate and federal-aid primary highways.

While the legislation allows for billboards in commercial and industrial zones, it mandates a state compliance program including the development of state standards and promotes the removal of illegal signs. This law failed to take into account its affect on small business, particularly in rural areas that rely heavily on billboard advertising. These federal burdens are extremely anti-small business.

70 – 80 percent of billboard advertisement is utilized by local business and the majority of this is small business. In rural areas, such as large parts of my congressional district, that number jumps all the way to 90 percent of advertisers on billboards are local businesses. Two-thirds (2/3) of billboard advertising in these rural areas is for the travel and tourism industry.

In these rural areas, billboard advertisement is the most effective way as well as the most cost-effective means of advertising. Newspaper, radio and TV ads do not capture passing travelers. Billboard advertisement is the only medium that targets that market. 80 percent of all travel in the United States is by car.

Numerous studies all the bear out the same conclusion, billboard advertising significantly contributes to those businesses that utilize it or are allowed to utilize it. Conversely, businesses that have lost signs to storms or to the state, lose business. BobEvans restaurant did their own experiment on billboard advertising. They covered up several of their billboards along interstates. The impacted restaurants reported an immediately 10 percent loss in sales during the period the billboards were out of sight.

Studies show that an estimated 82.2% of small business would lose sales if they did not have access to billboards for advertisement. In rural America, outdoor advertisement serves a variety of functions for small business owners. Billboards allow small business to give directions to their place of business, information on the products and services the business offers, and price of their products and services. Small businesses do not have the funds to spend on extensive advertising.

Therefore they rely on billboards indicating to passer-bys the location of their business. Outdoor advertising provides convenient information to consumers who use the directions and critical product identification for the businesses who benefit from increased commercial activity.

The Intermodal Surface Transpotation Efficiency Act of 1991 (ISTEA) amended the Highway Beautification Act of 1965 to prohibit billboards placed on designated scenic byways that are part of the interstate or primary highway system. In addition, ISTEA and

subsequent HBA amendments made federal funds available for billboard removal and control, at the state's discretion. I fear that broad federal regulations have severely restricted small business's ability to remain competitive.

Simply put, small business in rural communities that thrive on the patronage of their community and those outside their city limits cannot survive under current laws governing outdoor advertising.

I now would like to recognize the Ranking Member, Frank Ballance, for his opening remarks.

Testimony of
Sarah Kothe
Owner & Operator
House of Os Bed & Breakfast

Before the
Rural Enterprise, Agriculture, & Technology Subcommittee
Small Business Committee
U.S. House of Representatives
On
The Impact of the Highway Beautification Act on Small Business
May 15, 2003

Good afternoon Chairman Graves, Ranking Member Balance and members of the committee.

It is an honor and privilege to have the opportunity to share with you my story about my small business that has been affected economically by the Highway Beautification Act of 1965 regarding signs along federal and state highways.

My husband, Gary, and I live approximately seven miles south of the small rural town of Salisbury, which is located in Chariton County Missouri (Approximately half way between St. Louis and Kansas City).

I have three children, and four grandchildren with another expected this fall. All my family enjoys coming home to the farm where they pitch in to help with chores, but also enjoy the relaxing atmosphere, and peacefulness that the rural life offers.

Gary and his father, Oswald (Os) farmed approximately 900 acres together until the Oswald's death in 1997. This operation was labor intensive and Gary is limited to his daily activity due to progressive rheumatorial arthritis. I retired from employment with the USDA-FSA county office

approximately three years ago, chiefly to be around home to help Gary with our farming operation. I also had health issues, which included malignant lumpectomy with maximum radiation treatment in 1999, along with another bout resulting in mastectomy in June of 2002.

I had long dreamed of operating a bed and breakfast, so retirement didn't necessarily mean quit working. Instead, I was able to have the best of both worlds: run my bed and breakfast, and be home with Gary.

Salisbury has a small motel, typically used by construction workers, but does not have a bed and breakfast. I saw the need and opportunity to be successful in opening a bed and breakfast.

After Gary's father's death in 1997, we inherited his house, which was located just east of our home, and the center of our farm. This was the logical place for my dream to come true. I named my bed and breakfast "House of Os" after my father-in-law. We are very proud of our efforts, as we know Os would have been. We are a very hardworking, farm family, where many sacrifices are made to be able to own and operate this business. Os loved being with people, having good conversation, and having lots of laughter. We feel the bed and breakfast is a tribute to him and we enjoy sharing his love of rural life with others.

Naturally we are located in a rural area. We felt in order to promote "House of Os" an outdoor sign was the most efficient and affordable means to attract and direct business. My business is difficult, at best, to drive to without signs directing the route to my place of business.

We enquired of the Missouri Department of Transportation about permits before installing a directional sign. We were told by MODOT employees that as long as the sign was placed out of the path of their equipment for snow removal, they saw no need for a permit.
We proceeded to install a 2-foot by 4-foot metal sign in the field at the corner of Highway 5 and County Road 416. We were given permission by the lands owner to place the sign in her field.

All was well until Kaye Stacy, MO DOT Outdoor Advertising Permit Specialist, notified us that we had thirty days to remove our sign. I expressed my concern that customers would not be able to find the bed and breakfast, but to no avail.

I was informed to I had no permit on record and when asked to be forwarded an application for such, I was told I could not apply. At this point, I obtained an attorney to assist me in this matter. I was informed that because I was in a rural community with no commercial business within 600 feet of the sign and because the sign was not on land contingent with the bed and breakfast, MQDOT would remove the sign at my expense. Needless to say the sign came down and remains down.

As a result, my business has suffered drastically. Because I no longer have any outdoor advertising, even my neighbors ask me if I am still in business. The resulting affects of the Highway Beautification Act of 1965 has stifled my business. As a small business owner, I work hard to fully comply with all rules and regulations regarding my business. For rural businesses, outdoor signage is the most useful and economical sound means of advertising.

Again, thank you Chairman Graves, Ranking Member Ballance, and members of the Committee.

I will be happy to answer any questions you may have.

House Committee on Small Business, Subcommittee on Rural Enterprise, Agriculture and Technology

The Importance of the Availability of Billboards to Rural Businesses in America

May 15, 2003

Prepared Remarks of Dr. Charles R. Taylor, Professor of Marketing, Villanova University

Chairman Graves, distinguished members of the Committee, thank you for inviting me to testify today. Over the past fourteen years I have conducted research on outdoor advertising, its regulation, and its impact on businesses. Today, as you requested, I will provide you with an overview of how small businesses use billboards, along with an assessment of the economic impact of billboards on small businesses, particularly those in rural areas. I will also offer my views on the potential impacts on businesses in rural areas not having access to billboards.

The Importance of the Availability of Billboards to Rural Businesses

Billboards are a medium that serves a disproportionately large number of small businesses, most of which are local retail and service businesses. Because of billboards' effectiveness in allowing businesses to communicate directions and other types of information to potential consumers at a reasonable cost, they are especially important to small businesses located in rural areas. In the remainder of this testimony, I will detail the reasons why billboards are so important to small businesses, especially those in rural areas. In addition, I will provide my thoughts about billboards and how they are used by businesses.

In rural areas, billboards predominately serve small, local businesses

A large-scale study of three rural towns conducted in 1995 showed conclusively that a majority of billboards in small town America serve small local businesses (Lilley and DeFranco 1995). Fully 90 percent of the billboards in the study contained advertising for locally owned businesses, and almost all of these (more than 96%) were for small businesses. Content analysis studies (Taylor and Taylor 1994; Taylor 1997) verify that a large majority of billboard advertisers in rural areas are small, locally owned businesses. Thus, when we talk about billboards in rural areas, we are talking about an advertising medium that is dominated by small local businesses.

Billboards provide bottom line value to many small businesses.

Access to billboards is vitally important to the ability of many small, local businesses to compete and stay in business. For small businesses in general, billboards are a low-cost medium that is especially effective in providing high reach and frequency in a localized trade area. Here, reach is defined as the number of people in the target audience exposed to the message, while frequency refers to the average number of times a member of the target audience is exposed to the message. For businesses that serve local areas or draw their business from motorists passing through an area, billboards allow large numbers of potential patrons to be exposed to the message at a reasonable cost. As I will discuss in more detail, for many businesses in rural areas, billboards may be the only viable media alternative.

In a recent national survey of billboards that I conducted, the importance of billboards to businesses, and especially to small businesses was very evident (Taylor, 2001; Taylor and Franke 2003). The findings of this large-scale sample of billboard users indicate that 82.2% of small businesses that use billboards would lose sales if they did not have access to billboards. The average predicted loss of sales was over 18% (Taylor 2001). Notably, a large majority of businesses in the travel-related retail category that consisted of hotels/motels, resorts, restaurants, gas stations and other businesses that rely on travelers predicted an average loss of 20%.

My national survey findings are also supported by follow-up analyses of samples from Texas and Missouri. In Texas, 81.5% of all billboard users (both large and small combined) reported that they would lose sales if billboards were banned, with an average estimated revenue loss of over 20%. In Missouri, 78% of billboard users as a whole indicated that they would lose sales, with an average loss of sales of 18%. In both states, an even higher proportion of small businesses indicated that they would lose sales if billboards were banned. Given the high average level of losses reported, it is clear that many small businesses need their billboards in order to survive, as many businesses do not have margins of more than 18%..

Small Businesses Use Billboards to Provide Information to Consumers

For small businesses, the most common purpose of billboard advertising is to provide directional information to a place of business for passersby. A 1994 content analysis study of Michigan billboards that I conducted showed that nearly three quarters (73%) of billboards contain directional information to a place of business (e.g., "7 miles ahead; "turn left at light"). An even higher proportion of billboards located in rural areas contained directional information. In the same study, it was shown that 74.2% of billboards in rural areas provide information that is potentially useful to tourists (Taylor 1994).

In addition to directions, billboards are used to communicate a wide variety of other types of information to consumers, such as types of products and services offered, indications of quality, and information on price, convenience, etc. These types of information help

the business to distinguish itself in a way that appeals to the consumer. The ability to communicate information to the consumer on the product or service offering is essential to small businesses in attracting consumers and billboards often provide the only cost effective option in rural areas for reasons that I will now discuss.

Motorist Information Panels on Highway Right of Ways are Not an Adequate Alternative to Billboards

My content analysis study of Michigan billboards found that billboards in rural areas tend to provide more information to consumers and that billboards for companies in the travel-related retail category (e.g., hotels, resorts, attractions, restaurants, gas stations) contain more different types of information than do other product categories (Taylor and Taylor 1994). The need for small businesses in rural areas to communicate directional information as well as other types of information to consumers is clear. While motorist information panels can be designed to provide limited directional information, the size of these panels generally makes them ineffective in communicating such information.

In terms of other types of information, state-owned motorist information panels are completely inadequate for getting the message across to the consumer. For example, a business wanting to communicate the quality of its product offering might include cues such as "AAA approved," "AARP," or "100% beef" on a billboard, something it cannot do on a motorist information panel. Another example would be providing information on convenience of the product or service, such as "Open 24 hours," "Open Sunday" or "Open 7 days." It may also be critical for some businesses to provide more nuanced information on their product or service offering such as a combination gas station and mini-mart stating that it offers "soda and sandwiches" has handicapped accessible facilities (indicated by a symbol), or has a "Car Wash." Since motorist information panels do not allow these types if information to be communicated, they are not a viable substitute for billboards as they only provide identification information. For many stores or other businesses in hard to find locations, these panels cannot even provide adequate directional information.

Other Media and On-Premise Signs are Also Not Adequate Substitutes for Billboards

It as sometimes been argued by critics of billboards that businesses have readily available alternatives. My research indicates that this is simply not the case, and that small businesses know it. When surveyed, billboard users in general, and small businesses in particular, do not rate other media such as television, radio, newspapers, magazines, flyers, or the internet as substitutes for billboards. They also do not view on-premise signs as acceptable substitutes for billboards.

There are clear reasons why other media are not good substitutes for billboards. Traditional mass media such as newspapers, radio and television are much more expensive than billboards, both in raw dollars and in terms of cost per thousand exposures. These media are associated with higher waste circulation, meaning that many people who are exposed to the ad are not potential customers. Flyers are also an

inadequate alternative to billboards in that they are associated with lower attention level, are ineffective in reaching those passing through an area (as are television, radio, and newspapers) and are also normally more expensive that billboards. In fact, commonly available media planning measures consistently show that billboards are the lowest cost medium on a cost per thousand exposures basis, both in general and for businesses that serve local trade areas. The internet is also largely ineffective for local retail and service businesses as the internet by its nature is an international medium. Finally, on-premise signs are generally not good substitutes for billboards as their primary function is to identify the business at its site and not to communicate directions from other locations or other types of advertising messages.

While it is generally true that small businesses do not see other media as being able to replace billboards, in rural areas it is obvious that there are not good alternatives. The use of mass media in these contexts is a waste of money, and other local media often do not exist. Even if local media do exist, they normally do not reach a sufficient number of people in the target market. Hence, many small businesses in rural areas that do not have access to billboards are put at a distinct disadvantage.

There Are Additional Reasons Why Billboards are Valuable to Small Rural Businesses

Some additional findings from my 2001 survey of billboard uses shed light on why small businesses believe billboards are valuable. Small businesses rate billboards higher than other advertising media on several dimensions. When asked about various media in terms of their ability to allow the business to communicate information at a price the company can afford, billboards were rated higher than other media (local and national television, local and regional newspapers, radio, magazines, flyers, and the internet) by a wide margin. Similarly, the small businesses rated billboards substantially higher than all other advertising media in terms of both their ability to bring customers and to increase sales. Notably, small businesses also rated billboards high in terms of their ability to reach the company's trade area. Thus, it is clear that many small businesses understand that billboards are an advertising medium that provides them with unique benefits. To summarize, small businesses see billboards as an affordable medium that allows them to communicate information to potential customers and is effective at bringing in business because it helps customers.

A Large Majority of the Public Understands the Benefits of Billboards

Critics of the billboard industry have sometimes argued that billboards should be more heavily regulated because many in the public are opposed to them. In fact, a recent analysis of 24 major studies of public opinion conducted over the last 30 years shows that a large majority of the American public understands the benefits of billboards (Taylor 2003). In fact, 85% of Americans believe billboards are useful to travelers, 82% agree that billboards help business to attract customers, and 80% believe that billboards create jobs. Conversely, only a minority of the public (21%) favors bans on billboards. Hence, it is fair to say that the public is not opposed to billboards, especially when they are being

used by businesses to communicate useful information to consumers. Therefore, it is likely that most of the public would not be opposed to some billboards being erected in lawful locations in rural areas.

Conclusion

Many rural businesses need access to billboards to be able to attract customers and compete. Any situation in which billboards are removed from rural areas when they were previously being used by small local businesses is very likely to be harmful to those businesses. In fact, lack of access to billboards would threaten the very existence if numerous businesses in rural areas. Moreover, lack of access to billboards in rural areas stunts the possibility of new retail and service businesses being created. For these reasons, I believe that it is important for Congress to ensure that small businesses in rural areas that need access to billboards get such access.

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Testimony of

NANCIE G. MARZULLA

on behalf of

DEFENDERS OF PROPERTY RIGHTS

on THE HIGHWAY BEAUTIFICATION ACT AND ITS IMPACT ON SMALL RURAL BUSINESSES

Before the

SUBCOMMITTEE ON RURAL ENTERPRISES, AGRICULTURE, AND TECHNOLOGY
U.S. HOUSE OF REPRESENTATIVES

May 15, 2003

TESTIMONY OF NANCIE G. MARZULLA

May 15, 2003
Rayburn 2360
1:00 PM

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me to appear before this Subcommittee today to discuss the Highway Beautification Act. I would like to speak today on the nationwide threat, permitted by the Act, to signs as an effective means of advertising and communication for small rural businesses. As President of Defenders of Property Rights, the nation's only nonprofit legal defense foundation dedicated exclusively to the protection of constitutionally guaranteed property rights, I am deeply concerned about the forced removal of signs without the payment of just compensation required by the Fifth Amendment to the Constitution. Through a program of litigation, education and legislative support, Defenders seeks to realize the promise of the Bill of Rights of the U.S. Constitution that private property shall not be "taken for public use without just compensation." Defenders has a large national membership who are property owners, users and beneficiaries of the rights protected by the Constitution and traditional Anglo-American property law. Defenders has participated in many of the most important property right cases in recent years, including *Tahoe-Sierra Preservation Council, Inc. v. Tahoe Regional Planning Agency*, *Dolan v. City of Tigard,* and many others.

I would like to preface my remarks today by thanking the Chairman and the Subcommittee for the opportunity to address today the Highway Beautification Act and sign removal. Signs, both billboards and on-premise signs, are essential to the economic survival of small businesses. Yet

signs are under siege from local governments across America. Communities have resorted to onerous restrictions on signs, including outright bans, in an effort to realize a sign-free utopia. These communities have forced the removal of signs without paying just compensation to the sign owner.

This lack of protection for signs persists despite the fact that the United States Constitution imposes a duty on the government to protect private property rights. As reflected in various provisions in the Constitution, the framers of our Constitution clearly recognized the need for vigorously protected property rights. They also understood the vital relationship between private property rights, individual rights and economic liberty.

I. The United States Constitution imposes a duty on government to protect private property rights because property rights are an essential element of a free society.

Within the Constitution numerous provisions directly or indirectly protect private property rights. The Fourth Amendment guarantees that people are to be "secure in their persons, houses, papers, and effects..." The Fifth Amendment states that no person shall "be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use without just compensation." The Fourteenth Amendment echoes the Due Process Clause, stating that no "State shall deprive any person of life, liberty, or property without due process of law..." Indirectly, the Contracts Clause protects property by forbidding any state from passing any "Law impairing the Obligation of Contracts." --U.S. CONST. art. 1, paragraph 10.

The reason why the Constitution places such strong emphasis on protecting private property rights is because the right to own and use property is critical to the maintenance of a free society. Properly understood, property is more than land. Property is buildings, machines, retirement funds,

savings accounts, and even ideas. In short, property is the fruits of one's labors. The ability to use, enjoy, and exclusively possess the fruits of one's own labors is the basis for a society in which individuals are free from oppression. Indeed, there can be no true freedom for anyone if people are dependent upon the state (or an overreaching bureaucracy) for food, shelter, and other basic needs. Where the fruits of your labors are owned by the state and not you, nothing is safe from being taken by a majority or a tyrant. As a government dependent, the individual is ultimately powerless to oppose any infringement of his rights (much less degradation of the environment) because the government has total control over them. People's livelihoods, possibly even their lives, can be destroyed at the whim of the state.

One of the most eloquent commentators on the relationship between freedom and property rights was Noah Webster. The noted American educator and linguist said: "Let the people have property and they will have power -- a power that will forever be exerted to prevent the restriction of the press, the abolition of trial by jury, or the abridgment of many other privileges." Not surprisingly, the world's greatest oppressors have also understood the intrinsic link between property rights and freedom. As Karl Marx explained in the Communist Manifesto: "You reproach us with planning to do away with your property. Precisely, that is just what we propose... The theory of the Communists may be summed up in a single sentence: Abolition of private property."

The ability to derive economically beneficial use from one's property is thus front and center in our constitutional system and in our economic system. Signs play an essential role in helping businesses derive this kind of use out of property.

II. Signs are vital elements of a free society and a free market.

Signs serve a wide variety of functions, both economic and otherwise. Fundamentally, signs transmit information. They are a medium of communication for the sign owner to convey his

message to others. As such, they are entitled to First Amendment protection as free speech. The Supreme Court first extended First Amendment protection to signs recognizing their role as a medium of expression. *See City of Ladue v. Gilleo*

In this capacity, signs confer non-economic benefits like traffic safety based on their function as a medium of information. A 1969 study by the Federal Highway Administration found that "high-rise signs located at high traffic volume intersections increased safety, provided they were conspicuous . . . legible, . . . and recognizable."[1] The logic of this conclusion is clear—drivers looking for directions to their destination are more distracted and therefore less safe unless directions like signs are clear and legible. Sign removal would rob citizens of this benefit that signs provide.

As a medium of commercial information, signs confer economic benefits. They advertise the nature and location of establishments, goods, and services. The exchange of this information creates the market for the product or service being advertised. In this respect, signs support our nation's $3 trillion a year retail industry.[2] Sign manufacturers are themselves an important industry, generating some $30 billion a year in revenue.[3]

On-premise signs play a particularly important role in creating and maintaining healthy local economies. A study conducted between 1995 and 1997 by the University of San Diego bears out the effects of on-premise signs on the financial performance of retail sites. The study concluded that

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[1] *See* R. James Claus, *Traffic and On-Premise Sign Regulation*, 32 SIGNLINE 1, 3-4 (Int'l Sign Ass'n) (citing J.A. CIRILLO, S.K. DIETZ, AND R.L. BEATTY, ANALYSIS AND MODELING OF RELATIONSHIPS BETWEEN ACCIDENTS AND THE GEOMETRIC AND TRAFFIC CHARACTERISTICS OF THE INTERSTATE SYSTEM (Federal Highway Administration 1969)).
[2] *See* http://www.signs.org/aboutisa/members.htm
[3] *See id.*

on-premise signs had a "financially substantive impact on the revenues of a site."[4] In terms of raw numbers, the study found that:

- adding or replacing an on-premise sign increased a retail business' weekly sales by 5 percent;
- adding small directional signs indicating entrance and exit routes to retail locations increased weekly sales 4 to 12 percent; and
- adding one new sign to a site would lead to a 4.75 percent increase in annual sales.[5]

III. Signs are essential for the survival of small rural businesses.

From these numbers, it's easy to see how important on-premise signs are to small and rural businesses. In 1999, the American retail economy generated nearly $3 trillion in revenue, of which advertising and marketing revenues accounted for $250 billion.[6] Advertising is the key to retail success, but small rural businesses simply do not have the financial resources to take out full-page ads in the New York Times, to place glossy Madison Avenue-designed posters around town, or to canvass their county with high-visibility neon signs. The most affordable way for them to advertise is the on-premise sign.

The removal of an on-premise sign would mean equal, if not greater, losses in revenue for the small rural businesses because of the importance of advertising. Small rural businesses simply do not have the financial resources to weather a ten to fifteen percent decrease in revenue. Many of them are family-owned enterprises, where the owners have sunk life savings into the business to

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[4] THE ECONOMIC CONTEXT OF ON-PREMISE BUSINESS SIGNS AND HOW TO ESTABLISH VALUE IN THE MARKETPLACE 28 (The Signage Found. for Econ. Excellence), available at http://www.signagefoundation.org/economic/economictoc.html (citing *Research on Signage Performance* (Univ. of San Diego School of Bus. Admin. 1997)).
[5] *Id.* at 30.
[6] R. JAMES CLAUS, THE VALUE OF SIGNS 14 (2002).

keep it afloat. Denying the small business an integral ingredient of its financial success (advertising) could literally mean the difference between life and death for the business and its owners.

Some have argued that many small and rural businesses don't depend that much on advertising. They say that these businesses rely on a long-established clientele and remain in the same location for years, making advertising unnecessary since customers could find the businesses without the visual cues provided by an on-premise sign. This may have been the reality forty years ago, but this world no longer exists for small rural businesses. The increased mobility of Americans means that so-called steady customer bases leave and that new customer bases move in. Highways bring the rest of the country to the doorsteps of small rural businesses, expanding the scope of potential and unfamiliar customers. In fact, many small rural businesses cater specifically to out-of-towners—amusement parks, hotels, and bed-and-breakfasts to name a few. Business cycles have also made the small and rural business less dependent on a long-established clientele. When economic downturns hit a town or a county, residents often move away. At that point, it becomes necessary for small rural businesses to attract out-of-town customers to survive. When business picks up in a town or a county, many newcomers unfamiliar with the area relocate there. Advertising with signs becomes even more necessary for small and rural businesses to get and keep customers.

IV. Signs are under siege from state and local governments

The survival of signs as an informational and commercial tool is in jeopardy. Vermont, Hawaii, Maine, and Alaska prohibit billboards. Rhode Island and Oregon prohibit the construction of new billboards. Localities and counties in Alabama, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Maryland, Massachusetts, Montana, New Hampshire, New Mexico, North Carolina, Ohio, South Carolina, Tennessee, Texas, Utah, and Virginia have

also banned new construction of billboards in an all-out war in what they deem to be "visual pollution," perhaps unaware that their "visual pollution" is someone's hard-earned livelihood.

Local governments have resorted to more subtle methods to impose this aesthetic utopia of sign-free communities at the expense of small businesses. The latest such method is amortization. The term sounds harmless enough--"amortizing" a debt such as a mortgage means paying it off in installments. "Amortizing" when used by local governments in the context of taking an on-premise sign is entirely different.

Amortization in the zoning sense of the word is a process by which local governments declare property like buildings, homes, or business signs "nonconforming" under local ordinances, but allow it to remain in place for a period of time before requiring removal. From the sound of it, one would think governments would stretch out the constitutionally required payment of compensation to the owner over time. Local governments, however, circumvent any type of payment to the affected owner by claiming that the time period allows the sign's owners to recoup their investment in the sign. Worse, local governments also claim that any value in the sign is government-created because the value of a sign comes from being located near a public road. Based on this twisted logic, the government could take your car without paying you because its value depends on being able to use public roads. Amortization of signs is simply a scam to avoid the constitutionally required duty to pay compensation for the taking of private property as required by the Fifth Amendment.

The free-market principles that drive our market-based economy rely on one's ability to use, own, and derive profit from the use of private property, including on-premise signs and billboards. Congress should recognize the vital role played by signs in our economy and provide them with adequate protection from state and local efforts to remove them as a feature of American life. -

Thank you for the opportunity of addressing this subcommittee. I would be happy to answer any questions.

House Committee on Small Business
Subcommittee on Rural Enterprise, Agriculture & Technology

Outdoor Advertising & the RV Park & Campground Industry

Prepared Testimony of
David Gorin
King & Gorin

Representing the
National Association of RV Parks & Campgrounds

Thank you, Chairman Graves and members of the committee, for the invitation to appear before you this afternoon. My name is David Gorin and I am a Government Relations consultant to the National Association of RV Parks & Campgrounds. The President and CEO of the association, Linda Profaizer, regrets that she was unavailable to be here in person this afternoon.

I have been associated with the park and campground industry for more than 15 years with most of those years spent in the capacity of President and CEO of the association I am representing here today. In addition, I have served as the national chairman of the Small Business Legislative Council and have owned my own small business for a number of years.

The National Association of RV Parks & Campgrounds, or ARVC as it's usually called, has a long history of support for, and recoginition of, outdoor advertising or billboards as a key element in the marketing and advertising strategies of our members in particular, of travel and tourism businesses specifically, and small businesses in general.

As an industry comprised predominantly of family-owned smaller businesses catering to travelers and tourists, our members constantly seek cost-effective ways to reach that difficult and moving target audience. A great deal of the industry has been built on the broad shoulders of large and small billboards along the highways, with attractive graphics catching the attention of the traveler, and ingenious copywriters using an absolute minimum of letters to craft enough of a message to capture the mind of the viewer.

Let me also emphasize that ARVC's comments today are endorsed by the National Travel, Tourism and Recreation Coalition for Surface Transportation. The NTTRC is comprised of national tourism and recreation organizations that support enactment of strong and adequately funded reauthorization legislation that reflects the interests and needs of the tourism and recreation industries. ARVC is a charter member of the NTTRC.

It is important to note that for small businesses that serve the traveler, the choice of advertising media to reach that market is very limited and the importance of billboard advertising is very significant. Unless the traveler has researched their food, fuel, accommodations and attractions options in a particular area, the typical print, radio and television advertising media serving an area is of no value to the small business or to the traveler. While there are advertising options such as directories, brochure distribution in visitor centers, travel magazines and guides, websites and other various media, studies have repeatedly proven that billboard advertising is the most effective way for a travel or tourist-oriented business to reach its market.

Studies conducted by various state tourism departments as well as the outdoor advertising industry indicate that travelers generally start considering their dining, accommodations and entertainment options approximately 30-60 minutes prior to the time they wish to make a stop. Without the important information provided by billboards, in many parts of the country the traveler is simply left to their own devices to find the necessary travel services they may require.

With over 80% of all travel in the US being done on the road, providing information to the traveler is a big and important job. While new technologies and new advertising concepts may be helpful, none has so far proven as effective both in reach and cost, as billboards.

We are well aware of the importance of the highway logo sign program in effect on most interstate highways. However, we do not consider that program as a viable alternative to billboards. Logo signs are small, they convey no message of value to the consumer other than to give notice that a particular business is located off the next exit, they are of little value to a non-branded business that is not quickly recognized by the consumer, and they are located close to the exit and are intended to provide some guidance for a last minute or changed need, or to merely provide a reminder and direction for a consumer who made the decision miles and minutes earlier by virtue of a billboard.

ARVC has long supported expansion of state logo programs but does not ever see that program replacing billboards as an effect way to advertise a business serving the traveler. We are also aware of and support low frequency radio and the possible use of on-board automobile telecommunications and satellite communications as emerging information media for travelers. However, we are not convinced that these technologies are ready to replace conventional billboard advertising.

The members of ARVC do not advocate, condone or defend the indiscriminate placement of billboards. We believe that the Highway Beautification Act has provided sufficient guidance to assure adequate protections for the environment and that state and local jurisdictions have more than sufficient authority to regulate billboards within their jurisdictions. In this area, we would support and urge Congress to place some federal restrictions on the right of local governments to enact legislation that provides a higher standard for billboard control than that which governs interstate highways. In recent years, we have had to support our members in certain states where efforts were underway to place unnecessary and unreasonable restrictions on billboard advertising.

Also, Mr. Chairman, we strongly support the concept of fair and just compensation to the owner of billboards should local, state or federal authorities adopt legislation or regulations that leads to the removal of previously legal and conforming billboards.

Finally, we do believe that responsible billboard ownership requires that boards be attractively maintained and that state and local laws should be designed to assure that owners of billboards have the ability and right to properly maintain the billboard structures in a safe and attractive area without risk of losing the billboard when they attempt to improve it.

I would like to point out that in recent years, the expansion of the nation's scenic byways, those roads of scenic, historic, cultural or natural significance, either federally, state or locally designated, has created some new challenges for the travel and tourism industry. Most of these Scenic Byways have substantial signage restrictions along their right of ways. However, among other things, the Scenic Byways program has long been considered a driver of economic growth for the rural communities located along the byways. And since 9/11, more and more Americans are taking to the byways to experience the grandeur of America and return to the simple, small town flavor found in many communities along these byways. The problem is simple: how does a small businessperson operating a traveler service business along a byway, communicate informational messages to the travelers? Without billboards to provide information, there are few alternatives for providing that information and building the businesses along the byway. Without signage and other techniques to attract travelers, the Scenic Byway program will fall short of one of it's key objectives - providing travelers with new experiences and communities with new economic vitality.

Mr. Chairman, in concluding, I want to commend you and the other members of the subcommittee for the interest you are so clearly demonstrating in the impact of the Federal highway program on small businesses throughout the nation. It is self-evident that the safety and efficiency of those highways that bring nearly all their customers to their doors are critical to small businesses. What is not as clearly recognized, but what this subcommittee obviously understands, is that highway policy affects small businesses in so many other ways. We urge you and the rest of the Small Business Committee to take up other aspects of this relationship between Federal highway policy and small businesses. Among those other aspects could be the importance of giving greater priority in highway planning to access to prime tourism areas, destinations and attractions; the need to provide more tour bus and recreational vehicle parking facilities in downtown areas; the need for greater funding of tourist welcome and information centers; the positive impact on small businesses of the transportation enhancements program and the national scenic byways program; and the importance of adequate funding for better roads on our national parks and national forests.

We would be happy to work with you in identifying and exploring these and other topics pertinent to RV parks and campgrounds and many other small businesses. Thank you again for your interest and your support of small business.

TESTIMONY

BEFORE THE

SUBCOMMITTEE ON RURAL ENTERPRISES, AGRICULTURE AND TECHNOLOGY

COMMITTEE ON SMALL BUSINESS

HOUSE OF REPRESENTATIVES

Traversing the Twists and Impacts of the Highway Beautification Act Upon Small Businesses

Presented by:

John P. Eck
Owner, Servicetown Travel Plaza
Fredericksburg, Virginia
Member, NATSO,
Representing America's travel plazas and truckstops

May 15, 2003
1:00 p.m.
Room 2360 Rayburn House Office Building

Mr. Chairman and members of the Subcommittee, thank you for this opportunity to testify today on the effects of the Highway Beautification Act on small businesses.

My name is John P. Eck, and I am the owner of Servicetown Travel Plaza in Fredericksburg, Virginia. I have been a travel plaza operator for nine years, and employ 70 people. We are located on Interstate 95, exit 133B.

I am testifying today on behalf of NATSO, a national trade association representing America's travel plazas and truckstops. I also serve on a Virginia Department of Transportation roadway signage advisory committee.

The Interstate Highway System was built to efficiently move people and goods across the country. Without billboards, interstate travel becomes less efficient. People traveling from state to state need to know where they can stop for a meal, fuel their cars and trucks, and rest. Our businesses depend on the interstate motorist, and they in turn depend on us – for food, fuel and rest.

Highway signage is particularly important to the truckstop and travel plaza industry and those it serves because the vast majority of our customers are travelers who are unfamiliar with a particular area. Truckers and other highway travelers account for approximately 90 percent of an interstate-based travel plaza's business. A significant portion of these drivers are unfamiliar with an area and significantly rely on signage to locate places to stop for fuel, food and rest breaks. In fact, a recent industry survey of highway travelers found that two-thirds of those who were new visitors to a particular area reported that they observed highway signage.

Travel plaza operators spend most of their advertising dollars on billboards, because it has proven to be the most effective in relating information about services to their customer base.

It is estimated that the truckstop, travel plaza and truck fuel stop would lose 15-25 percent in sales if billboards were banned. This is particularly true in states where trees and shrubbery prevent motorists from seeing the travel plaza from the interstate. For an industry that generated $60.2 billion in sales in 2002, that could mean a loss of $9-15 billion each year.

We have heard countless stories of NATSO members who have seen the benefits of billboards. In fact, many NATSO members have stated that their businesses experienced a significant drop in sales following a storm that damaged their billboards. A recent survey of NATSO members revealed that travel plazas consider billboards extremely important to the success of their business.

One NATSO member told me that he lost some billboards for his facility in Corning, California, and he immediately lost a significant amount of his business. Likewise, in another location, he added billboards and sales quickly increased.

Yet another NATSO member erected new signs on the highway in South Carolina that resulted in a 20 percent jump in restaurant sales.

More importantly, billboards are informational tools for interstate travelers, and labeling billboards as merely advertising tells only a small part of the story. Billboards are critical links to service providers for drivers in unfamiliar territory. For the long-haul trucker, spending many nights away from home, highway signage is an absolute necessity. Professional drivers, who spend their time on the road, require information about highway businesses, and they cannot stop just anywhere. They need to know what facilities can accommodate their trucks, where they can fuel and eat, and they may not be familiar enough with an area to make stopping choices without highway signage to guide them.

Commercial drivers must plan their stops because of hours of service regulations, so many of our members lease billboards 90 miles or more from their facilities. A NATSO Foundation study reported that other travelers begin thinking about where to stop when they are about 25-30 miles away.

Billboards are very important to truckers because the services provided by a travel plaza or truckstop vary widely. Some fuel stops, for example, offer little more than diesel and gasoline, while a full-scale truckstop or travel plaza might provide hundreds of parking spaces, fast-food and sit down restaurants, convenience stores, motels, fuel, showers, truck repair facilities and more. A trucker who is looking for a place to stop in the evening needs to know if a business offers truck parking.

For truckers who are looking for a place to stop as their hours of service are expiring, signage can guide them to a safe, legal parking place. People who need to stop in an unfamiliar area for emergency purposes or during severe weather certainly would not characterize a billboard as an "eyesore," but as a critical tool.

The highway logo program, while designed to offer an alternative to billboards, does not provide necessary details that a trucker or other highway traveler requires to make a stopping decision. Many NATSO members are small businesses that are not affiliated with a well-known franchise or corporate company name, so truckers and other motorists would have little idea what services these businesses offer if they had never visited the area. Furthermore, there are a limited number of spaces available on a highway logo board, and some businesses are excluded for that reason.

There is no doubt about it: small business owners like me need billboards and other highway signage to be able to attract motorists who are unfamiliar with the area. A small business without brand recognition is at a significant disadvantage over well-known, national chains if the small business owner cannot rely on billboards to communicate its specific offerings to motorists. RVers, bus drivers and truckers need to know where they can park. Families need to know where they can make one stop for gas and food.

Billboards are an extremely effective means of advertising. I simply cannot afford to rely on print or broadcast advertising, and would reach far more individuals by a simple highway sign.

Interestingly, states themselves recognize the importance of interstate signs. State-operated commercialized rest areas, located in 13 states in the eastern half of the country on toll roads and turnpikes, bombard travelers with signage about these facilities, even though these facilities are highly visible since they are located directly on the shoulder of the road. For example, the Chesapeake and Maryland Houses on I-95 in Maryland advertise on numerous, prominent highway signs. By comparison, the private sector businesses in Maryland are at a distinct disadvantage since they must adhere to a far different standard than these state-sanctioned businesses.

With the Internet and cellular phones giving you instant access to information, we should be working to provide travelers with the information they need while on the road.

I urge Congress to support interstate signage so that travelers can get the information they need while on the road.

Traversing the Twists and Impacts of the Highway Beautification Act Upon Small Businesses

Testimony of Joe Martin
Owner/Operator
Best Western Mart Motor Hotel, Weatherford, OK
Hampton Inn & Suites, Stillwater, OK

Before the House Small Business Committee's Subcommittee on Rural Enterprises, Agriculture, and Technology

May 15, 2003

The American Hotel & Lodging Association
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Thank you very much Mr. Chairman, Ranking Member Udall and Committee members. I appreciate the opportunity to testify before your subcommittee this afternoon on an important issue for the small businesses that make up the lodging industry. I applaud the leadership of the House Small Business Committee and in particular the Subcommittee on Rural Enterprises, Agriculture and Technology for addressing this important issue.

My name is Joe Martin. I am the owner and operator of two properties in Oklahoma. I have been an owner and operator in the lodging industry for the past 22 years after spending five years as a buyer in the retail industry.

I am the owner/operator of the Best Western Mark Motor Hotel in Weatherford, Oklahoma, and the Hampton Inn & Suites in Stillwater, Oklahoma. During the latter part of the 1980's and early 1990's, I served as a Board member and Chairman of the American Council of Highway Advertisers (ACHA). With the merger of the ACHA and the Outdoor Advertising Association of American (OAAA), I served on the OAAA Board until 2001 representing my properties as well as Best Western, International. I own billboards for my two properties and lease others from outdoor advertising companies in order to market to the traveling public.

During my career, I have served as Chairman of the Oklahoma Hotel & Lodging Association and currently serve as a Board member and Executive Committee member of the American Hotel & Lodging Association (AH&LA).

The AH&LA, founded in 1910, is a federation of state and local lodging associations, representing the nation's lodging industry. Over 53,000 lodging properties with more than 4.2 million rooms and over 1.9 million employees exist in the United States. Our industry's annual sales exceed $103 billion. AH&LA's membership ranges from the smallest mom-and-pop independent properties to the largest convention hotels. Most significant is that the majority of the 53,000 hotels in this country are small independent properties. There is a high degree of franchising in our industry and many properties with chain identification are also independently owned and operated.

A large portion of the lodging industry consists of small businesses.

- 85 percent of properties in the United States have less than 150 rooms.
- 52 percent of properties have less than 75 rooms.
- 45 percent of properties charge less than $60 a night.
- 21 percent of properties charge less than $45 a night.

Good afternoon and welcome to the Rural Enterprise, Agriculture, and Technology Subcommittee of the house committee on small business. Today we will be discussing the impact of the highway beautification act on small businesses across America. When President Lyndon Johnson signed the Highway Beautification Act of 1965, he did so with the intent "to insure effective control of billboards along our highways." The bill controls outdoor advertising along interstate and federal-aid primary highways.

While the legislation allows for billboards in commercial and industrial zones, it mandates a state compliance program including the development of state standards and promotes the removal of illegal signs. This law failed to take into account its affect on small business, particularly in rural areas that rely heavily on billboard advertising. These federal burdens are extremely anti-small business.

70 – 80 percent of billboard advertisement is utilized by local business and the majority of this is small business. In rural areas, such as large parts of my congressional district, that number jumps all the way to 90 percent of advertisers on billboards are local businesses. Two-thirds (2/3) of billboard advertising in these rural areas is for the travel and tourism industry.

In these rural areas, billboard advertisement is the most effective way as well as the most cost-effective means of advertising. Newspaper, radio and TV ads do not capture passing travelers. Billboard advertisement is the only medium that targets that market. 80 percent of all travel in the United States is by car.

property. A hotel operator in Indiana watched his business decline and several small local businesses fail after a number of billboards were removed. Another Oklahoma independent operator would be forced to align with a major national brand if their billboards were removed.

In fact, for many small and independent properties, billboards are the often the most successful, and at times the only, way to advertise. While properties affiliated with national brands benefit by the marketing efforts of these corporations, the independent property has no such affiliation and must rely on billboards to entice the traveler into their property.

For my business, this is a local issue. My business is highly reliant upon billboard assisted travel. If these billboards were not there, I would have to cut back on employees in Stillwater and Weatherford. Removal of these billboards would affect more than just the handful of fine people I employ at my two properties, but also other businesses in these communities. The traveler stopping at my hotel is also likely to eat at the local restaurant, fill up at the corner service station, and possibly visit a local attraction or two.

Numerous studies show that billboards are vital to communities across the country. By a substantial margin, 70 to 95 percent depending upon the study, outdoor advertisers are local enterprises. Businesses that rely on billboard advertising employ thousands of hard working people in these communities.

The Highway Beautification Act of 1965 provides strong protections for the beautiful scenery that is American, while also providing a fair balance for the advertisement of the small and independent businesses that are also America.

Mr. Chairman, many of us fondly recall the days when we would pile the family into the station wagon and drive across the country, stopping for the night when we just couldn't drive anymore. Or perhaps it is the hard working businessman or woman that relies upon their car and the open road for their livelihood and looking for a friendly face at the next hotel to greet them for the night. Either way, these are a few examples of the traveling public that rely on billboards to direct them to the next hotel or motel, restaurant, or gas station.

Again, Chairman Graves, committee members, I thank you for the opportunity to testify before your Subcommittee today. I would be happy to answer any questions you may now have.

Testimony of Meg Maguire, President of Scenic America
to the
Committee on Small Business
Subcommittee on Rural Enterprises, Agriculture and Technology

Hearing on the Highway Beautification Act

May 15, 2003

Chairman Graves and Members of the Committee. I am Meg Maguire, President of Scenic America. I welcome the opportunity to speak to you today.

Scenic America is the only national non-profit organization dedicated solely to stewardship of our nation's natural beauty and distinctive rural and urban community character. Our network includes 25 organizations -- 16 associate organizations and nine full affiliate organizations in California, Florida, Kentucky, Michigan, Missouri, Ohio, Tennessee, Texas and Virginia. Our members are from rural and urban areas, from small businesses and big corporations. Among their accomplishments is stopping new billboard construction altogether in nearly 750 local jurisdictions which we can document, though we believe the figure to be substantially larger than this. Major cities such as Houston, Dallas, Fort Worth, TX; Durham, NC; Los Angeles, CA and hundreds of mid-sized cities and small towns have taken this step because the business community believes that billboard proliferation negatively affects the overall image and quality of life of residents. All are united in their belief that the Highway Beautification Act has, though a series of ill-conceived Congressional amendments, become the Billboard Proliferation Act and that their communities are suffering from its effects.

Your focus today is on the effect of sign control on small rural businesses. As a former small business owner of a video production company, I feel blessed that in America anyone can go into business, investing individual ingenuity and energy to create something of worth and then to let the world know about it. My roots are in rural Virginia where both of my grandfathers struggled as small business owners during the Depression. So I have a great deal of sympathy and understanding of the obstacles that small business owners face.

Today I would like to add Scenic America's perspective on five points:

I. Billboard[1] proliferation is adversely impacting the quality of life in rural and urban areas.
II. Alternatives to billboard advertising for small rural businesses is a win-win strategy for all.
III. Scenic beauty and authenticity are highly valued in the American economy.
IV. Congress needs to thoroughly reform the Highway Beautification Act through a thoughtful and deliberate process of study and fact-finding, not piecemeal amendments

[1] "Billboards" are defined here as off-premise signs that advertise goods and services not found at the site of the signs as opposed to on-premise signs that do advertise the goods and services located on that site. A billboard can be very large -- 1,200 square feet, or a small junior poster at 72 square feet.

that could have serious unanticipated consequences for states, counties and local jurisdictions.

V. Billboards are controlled primarily by state and local governments, not by the federal government.

Today I include in my testimony only a small fraction of the information we have on the HBA and why it needs reformation. I want to stick as closely as possible to the relationship of billboards to the needs of small business, and the relationship of billboards to other property values.

I. Billboard Proliferation is Rapidly Increasing in America

America is littered with billboards. Some people say, "I thought Lady Bird got rid of all those billboards." My response is, "You must fly everywhere. When did you last drive through Missouri, a state with three times as many billboards per mile as any of the eight neighboring states? When did you last visit Florida, first in the number of billboards on federal roads in the nation? Have you ever driven around Ohio or Louisiana?" Increasingly, to see both rural and urban America is to be overwhelmed by "litter-on-a-stick" -- the junk mail of the American highway.

Lady Bird Johnson's goal of cleaning up America's billboard blight has sadly resulted in the opposite effect in most states because the law is weak, not well enforced, and lacking in even the most fundamental official data.

What we do know is that the number, size and height of billboards on America's highways is much greater now than it was in 1965 when the HBA was passed. In 1991 the Congressional Research Service (CRS) estimated that 425,000 billboards were located along federal aid highways and that the number was increasing by 6% annually. This means that any way you look at it there are between 731,000 - 885,000 billboards on America's federal aid highways alone – not counting city streets, or state and country roads that are not affected by the Highway Beautification Act.[1] So the issue is not that we have too few billboards in America, but rather that we have so many billboards that they have dramatically changed the beauty and character of America's rural areas. *Increasingly one place looks like another and every place looks like no place -- so why go any place?*

Visual pollution hurts local economies and often lowers property values.

In rural Holmes County, Ohio the Amish strongly believed that billboards benefited neither their businesses nor the beauty of their landscape. Unfortunately, county billboard controls were weak. Several years ago when the county submitted an application to become a state scenic byway, the Ohio Department of Transportation took 22 months to review it. During

[1]Because data collection by the Federal Highway Administration, the states, and the billboard industry is so spotty in terms of the number of billboards on federal aid highways, Scenic America has sometimes used the highly conservative figure of 500,000 billboards on federal aid highways which the billboard industry has never successfully denied.

that time the billboard industry took advantage of weak laws and put up 100 billboards. People in the county are stunned and heart-sick. Now, instead of a pastoral rural setting and an authentic way of life, billboards disfigure the land and discourage people from visiting.

Scenic Texas, the largest Scenic America affiliate, has said, and I quote:

"Many people move to rural areas to escape the commercialism and clutter that exists in urban areas. In Texas we have received numerous complaints regarding billboard proliferation in our rural areas. There are countless examples of retirees and others who have invested their savings in their dreams only to find billboards shining all night long, interfering with the very reasons they moved from the city. As rural areas become urbanized, billboards are erected, and they are there forever.

Experience in Texas is that, by and large, businesses in rural Texas do not use the existing billboards. Instead, the overwhelming majority of the existing billboards are utilized by national companies. The 30,000 billboards that exist in Texas have been sufficient to accommodate the advertising needs of the business community."

Indeed, Scenic Texas has gained strong support for legislation now under consideration in the legislature to stop new billboard construction in the state from over 217 small businesses, churches, schools, community groups, individuals, families and ranchers and local jurisdictions that participate in the state's Adopt a Highway Program in Texas. Most of these are from rural communities.

I invite you to visit Scenic America's web site - www.scenic.org -- for a number of homeowner horror stories that show that billboards can hurt all of us. For example, in a widely publicized case in Pax, West Virginia, a double decker 102 foot high billboard appeared on the property of a gas station and motel which were adjacent to the modest homes of the Painter and McNeely families. As a result, bright light pours into their homes 24 hours a day and they cannot see stars in the night sky. Worst of all, the sign's presence has devalued their homes by over 30%. The McNeely property was worth $22,000 before the billboards; now their home is worth $16,500. The Painter's home was worth $23,000 before the billboards and is now worth $16,000.

Robert McElfresh and his wife built their dream home in the 1950's on a rural Ozark hill overlooking the beautiful Meramec River Valley, near Pacific, MO. Some years later, Historic Highway 66 was replaced by Interstate 44. In 1997, Larry Carpenter, the owner of a nearby small billboard company (Carpenter Outdoor --later bought out by a much larger out of state company),
erected a 110' double-decker billboard some 50' from his back porch. During early evening hours, when the sun is setting over the river valley, the advertising copy on the west side of the billboard actually reflects off Mr. McElfresh's dining room wall. The thousands of bugs drawn to the twelve 250 watt high-pressure sodium lights and their blinding glare make it impossible for Mr. McElfresh to enjoy his back yard at night. Clearly, Mr.McElfresh's property rights are being violated.

In April, 2003, Karen Huber testified before the Texas House and Senate that the value of her home was being seriously affected by the erection of six very large, bright billboards on the hill top where the view is long and beautiful. Attached is her testimony and I request that it be entered into the record as part of my testimony as well. It is all too typical of the undermining of property values that new billboard construction is having throughout America today.

One of the most egregious abuses of the HBA is called the "unzoned loophole" which permits many billboards, most unrelated to nearby businesses, to be constructed in rural areas. In 1984 the General Accounting Office found the economic incentive for billboard companies to erect new boards so strong that "in some instances sign companies have resorted to using inactive or sham businesses as the basis for securing the necessary state permit." The mid-west and the south are particularly beset with rural billboard pollution.

II. There are several landscape-friendly information alternatives to small businesses other than billboards.

Billboards are not the best advertising choice for small rural businesses. Consider that four largely rural states with many small businesses are entirely billboard free: Alaska, Maine, Hawaii and Vermont. All are prime tourist destinations.

Vermont took down its last billboard in 1975. From 1976-78 tourism revenues increased by over 50%. Christopher Barbieri, President of the Vermont Chamber of Commerce has said: "Although there was some initial sensitivity that removing billboards might hurt tourism, it has had the opposite effect. Tourism is up for all businesses both large and small. Vermont lures tourists from New Hampshire by ads on New Hampshire's billboard that say "There Are No Billboards in Vermont. Here's Why." The photograph is a beautiful pastoral scene in rural Vermont.

Lyman Orton, proprietor of the Vermont Country Store, has said: "The billboard ban provided not only a level playing field for all of us, it opened the roadways to scenic vistas and created more than compensating publicity. The absence of billboards in Vermont is the best billboard for all of the tourist business."

Mr. Orton makes an excellent point when he speaks of "a level playing field for all of us." The absence of billboards creates an equitable situation between small businesses and big businesses. Where billboards don't exist, small businesses can compete based on their key advantage – service.

In Missouri, a 1996 survey of billboards along I-70 within the city limits of Columbia, MO showed that, out of the 95 billboards along the highway, only seven advertised small mom and pop businesses. The surveyor asked each of those seven businesses how it affected their business. All seven businesses said it wasn't worth the money they had to pay and most were planning not to renew their leases. Today, none of those same small businesses is advertising on billboards and all are still operating. Ten different local businesses are advertising on these signs.

One point on which all of us can agree is that local residents and tourists alike must be able to find small businesses. Billboards are not essential in this task because alternatives do exist.

The most common alternatives are *logo signs* and *tourist-oriented directional signs* (TODS). Logo signs and TODS display only essential information for travelers and are smaller, less obtrusive, more affordable, and easier to read than billboards. Logo signs advertise gas, food, camping and lodging and tourist attractions at nearby highway exits and already exist on interstates in at least 44 states. TODS appear on non-interstate highways to supply information about local businesses and attractions, such as distances and directions. The outdoor advertising industry has a number of contracts to manufacture and erect logo signs which we think is an excellent use of their entrepreneurial skills.

Vermont has a particularly good TODS program which makes getting around the state quite easy. I strongly recommend to the Members of the Committee on Small Business that they work with their state departments of transportation to institute TODS programs throughout their states. You need not amend any federal law to put in place a small business-friendly way-finding system in your state.

Alternative sign programs are terrific for small businesses and for scenic beauty because a) they display only essential traveler information, whereas most billboards have little to do with local services; b) they are smaller, less obtrusive and easier to read than billboards; and c) they generally cost local businesses far less to advertise on than billboards.

Technology is rapidly rendering billboards obsolete. John Paul Nichols, Executive Vice President of Sales and Marketing for Cendant Hotels, commented in a 2002 interview that "...terrestrial billboards... are becoming a thing of the past.... My little hand held electronic device can find every hotel in the United States. I don't need to wait for a billboard. The cell phone will alert me to my hotel preferences, not some sign I find by accident."

The Internet is a fantastic source of travel information and increasingly people are going on-line to sites like Expedia.com to plan trips down to the last detail and pay for tickets and hotel reservations in advance. Those of us who plan this way – and I am sure it includes many people in this room -- dare not depend on random information which may or may not be on a billboard, especially when we know that most small businesses of the kind I want to patronize when I travel do not advertise on billboards.

Hotel reservations represents one of the fastest growing segments of the online travel industry and we want to make it known that Priceline Hotels President Chris Soder notes that his service has sold over 8,000,000 hotel room nights, with about half of those room nights being booked in the last 12 months.

On May 12, TravelCLICK released results from the company's 2002 eTRAK report demonstrating that total Internet reservations received at the central reservation offices (CRO) for the major chains grew 75% in 2002 over 2001. And quite recently a survey by PhoCusWright released at an online travel industry conference in Miami Beach, Fla., indicated

that 21 million Americans "usually" make travel arrangements online--75 percent more than last year.

There are so many ways that small businesses can take advantage of the Internet without threatening anyone's property values or harming the beauty around them.

In addition, in-car navigation systems, which soon will become a standard feature on new cars, can provide systematic information for out-of-state travelers and local residents alike. As more business locations are mapped in a Geographic Information System database, this information becomes accessible for all travelers.

If you are technology averse, printed travel directories and travel guides provide systematic and comprehensive listings of all kinds of information, and you can carry these guides in your car.

Other strategies exist to promote small business development and also respect the American landscape. Since 1991 Scenic America has worked very hard to strengthen the National Scenic Byways Program created under the Intermodal Surface Transportation Efficiency Act. This Program aims both to preserve the scenic, historic and natural resources of the countryside and to strengthen small local businesses. Success stories abound from coast to coast in all of the states that participate in the program. Many states including New York, Colorado, West Virginia, New Mexico, Arkansas and others report inspiring stories of new business starts; partnerships among small businesses to promote all businesses along the byway, not just their own; and successful international promotion of the qualities that people want to see and experience – nature, scenery, history, culture, archaeology and recreation. Even the billboard industry has never claimed that visitors to our scenic byways have come to see the billboards!

The University of Montana's Institute for Tourism and Recreation Research 1996 survey of 5,800 responders to questionnaires given to 12,941 found that only 2% found that business billboards were the "Most Helpful Source of Information Used for Trip While in Montana." The most helpful (24%) were people in motels, restaurant, gas stations, etc. – in other words, word-of-mouth referral.

III. Scenic beauty and authenticity are highly valued in the American economy.

Beaufort County in S.C. is a rural coastal county that banned billboards in the mid-1980s and yet has been one of the highest growth counties in the state, in terms of population gain, average retail sales, and income. The reason many people cite for the growth is that this is a rural county that has taken steps to preserve its unique rural southern charm.

Tourism is America's third largest retail sales industry. In 2000 tourism created $537.2 billion in total expenditures and $98.7 billion in tax revenue for federal, state and local governments. Outdoor recreation was listed as the second most popular activity for Americans, followed by visitation of historical places, beaches, cultural events and national and state parks.

(Travel Industry Association of America.)

Furthermore, Conservation International notes that nature and heritage based tourism is becoming one of the fastest growing industries in the United States today. Nature tourism has been increasing at an annual rate between 10-30 percent a year, while overall tourism has grown at a rate of only four percent annually. Furthermore, 149 million American's 16 years and older- or more than 69 percent- of the population hiked, climbed, kayaked or participated in another outdoor activity in 2001. Cultural heritage tourism is based on the visitation of areas that are remarkable for their unique historic and cultural value -- not the number of billboards they have.

And travel and tourism are lucrative and promise to become more so as the baby-boomers retire and seek genuinely authentic places to live and to visit. According to the Travel Industry of America, the average U.S. traveler spends $457 and 3.4 nights away from home per trip. Visitors to historic and cultural attractions sites spend $631 and 4.7 nights. Americans are looking for a way to escape cities and enjoy the beauty offered by unique scenery and beautiful landscapes. In fact, The President's Commission on American Outdoors in 1985 reported that natural beauty was the most important criterion for adults choosing a site for outdoor recreation. The more a community does to enhance its unique natural, scenic, historic and architectural assets, the more tourists it attracts.

People take road trips, not to see the billboards but to see America the Beautiful.

IV. Congress should drastically reform the entire Highway Beautification Act, not amend it with piecemeal measures.

Mr. Chairman and Members of the Committee: The Highway Beautification Act is indeed, a broken law. Since this hearing is about only one aspect of the law -- how it affects small businesses -- I will not go into full detail about the law's failings. Scenic America gets calls from over 200 communities each year that are seeking to control billboards. Often they cite provisions in the HBA that stifle their local control and complain bitterly of threats by industry lobbyists to sue their communities if they take any action to control billboards.

So let us remember that the Act should fulfill its original purpose of protecting the public investment in highways, in promoting safety and the recreational value of travel, and in preserving natural beauty. The Act was explicitly designed to set minimum billboard control standards. One would expect it to accomplish two objectives: 1) to set an adequate baseline, so that major highways will be protected and beautified even if only the minimums are used; and 2) to empower state and local governments to take further steps.

For the Act to work it must 1) limit new billboards to only those areas that are clearly industrial or commercial in nature; 2) eliminate illegal billboards; 3) remove nonconforming billboards steadily; and 4) accomplish these goals in an efficient, fiscally responsible manner.

We hope that the Congress will launch an objective fact-finding study of many facets of the Highway Beautification Act to gain more knowledge about how this legislation has fulfilled the purposes which Congress intended, how it has been thwarted in its purpose, and how best to

reform the Act. The Congress needs to look at a) federal and state data collection; b) permit fees which do not even cover the cost to states of administering the outdoor advertising control program; c) the woefully inadequate protection of rural and scenic areas; d) the policy of cutting publicly owned trees in the public right-of-way for private billboard visibility; and e) the shameful lack of state and local enforcement to remove illegal billboards. These pre-reform studies also need to look at alternative information technologies and their potential impact on small rural businesses so that this committee can help everyone who cares about strong small business development in America. I can assure you that billboard industry funded studies and "academic experts"do not provide the objectivity needed on which to draw these conclusions.

V. States and local governments, not the Federal government, set most billboard policy.

Under the HBA all states, if they want, can allow billboards everywhere adjacent to interstate and primary highways, except on land zoned for residential purposes (not much of this next to major highways). Since the HBA permits states to allow billboards as close as 100' apart on primary highways and 500' apart on Interstate highways, up to 1,200 square feet in size with no overall height limit, in zoned or unzoned commercial and industrial areas (in effect, anywhere except zoned residential areas), we cannot understand how the HBA "failed to take into account its affect on small business."

Mr. Chairman, I know that you are familiar with the action of the Missouri state legislature last year. In 2000, 1,074,895 (49%) Missourians voted in November 2000 on a ballot initiative to prohibit all new billboards. (The measure was leading in the polls by 15% until the billboard industry launched a last minute ad campaign that radically distorted the cost to the state of enacting the measure.) In 2002, at the request of the Missouri Outdoor Advertising Association, led by Lamar Outdoor of Baton Rouge, the Missouri Legislature passed amendments making the Missouri law stricter than the HBA. The Legislature increased the minimum spacing requirement to 1,400 feet on both Interstate and primary highways in Missouri.

In addition to allowing billboards, the HBA, as implemented by Missouri and most other states, provides opportunities for small businesses to advertise on official highway information signs (Logo Signs) and "tourist oriented directional signs" (TODS) on highway rights of way. Public opinion polls in Missouri have consistently shown that travelers prefer official highway signs over commercial billboards by a margin of 5:1.

Georgia, a state which has gone in the opposite direction from Missouri, permits double stacked spectacular billboards every 500 feet on both sides along the Interstate. I suppose if some people in Georgia want the derision from travelers that this mess invites, they can have it. But many Georgians hate it and are working hard to curb this form of "sky trash."

Conclusion

Mr. Chairman, I would ask the Members of the Committee to look seriously at one of the primary threats to small business which is not lack of access to billboards but the presence of big box retail and chain store locations that are draining the life out of many small rural towns.

Since this factor in the decline of small businesses is not the focus of this hearing I would like to refer you to the National Trust for Historic Preservation which has done extensive research and publications on this topic. The topic of rural commercial development and its impacts on local small businesses is of great concern to everyone who wants to preserve and enhance our historic, scenic and cultural heritage.

In closing, let me say that I believe that we can grow and must provide a friendly climate for small rural businesses in this country, for they are at the heart and soul of our traditional American way of life. We must protect our nation's stunning natural beauty, not just in a few national parks, but throughout the country. And we must also protect the character of our nation's cities, towns and countryside for generations to come. I believe that, working together, we can do all of these things. More and more billboards are not the wave of the future – they are a retreat to the past. Let us move forward to find new ways of promoting the economies of rural areas.

As the great Republican conservationist, Theodore Roosevelt, said in 1913:

"The civilized people of today look back with horror at their medieval ancestors who wantonly destroyed great works of art or sat slothfully by while they were destroyed. We have passed this stage...Here in the United States we turn our rivers and streams into sewers and dumping grounds, we pollute the air, we destroy our forests and exterminate fishes, birds and mammals – not to speak of vulgarizing charming landscapes with hideous advertisements. But at best it looks as if our people are awakening."

Theodore Roosevelt
"Outlook" - June 25, 1913

Thank you for inviting me to testify on this important matter.

Scenic America

A Sample of American Cities and Towns That Have Stopped New Billboard Construction
May 15, 2003

ALABAMA

Baldwin County
Birmingham
Decatur
Florence
Fairhope
Foley
Gulf Shores
Hoover
Madison
Mountain Brook
Muscle Shoals

ARIZONA

Apache Junction
Avondale
Bullhead City
Casa Grande
Cave Creek
Coolidge
Eloy
Flagstaff
Florence
Fountain Hills
Gilbert
Lake Havasu City
Litchfield Park
Marana
Mesa
Nogales
Oro Valley
Paradise Valley
Peoria
Pinetop-Lakeside
Sahuarita
Scottsdale
Sedona
Sierra Vista
Surprise
Tempe

CALIFORNIA

Marin County
Monterey
Palm Springs
San Diego
San Jose
Santa Barbara
Santa Monica

COLORADO

Aspen
Berthoud
Boulder
Boulder County
Breckenridge
Broomfield County
Chaffee County
Clear Creek County
Cortez
Denver
Denver County
Dolores County
Douglas County
Englewood
Estes Park
Ft. Collins
Gilpin
Glenwood Springs
Golden
Greeley
Greenwood Village
Gunnison
Gunnison County
Jefferson County
Lafayette
Lakewood
Larimer County
Littleton
Longmont
Loveland
Manitou County
Montrose County
Pagosa Springs
Parker
Pitkin County
Pueblo
Routt County
San Juan County
Steamboat Springs
Summit County
Superior
Teller County
Telluride
Thornton
Vail
Wellington
Westminster
Wheat Ridge
Woodland Park

CONNECTICUT

Bridgewater
Greenwich
Stamford

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RECYCLED PAPER

DELAWARE

Bridgeville
Clayton
Delaware City
Delmar
Dewey Beach
Dover
Fenwick Island
Frederica
Greenwood
Harrington
Millsboro
Milton
New Castle
Newport
Ocean View
Rehoboth Beach
Seaford

FLORIDA

Alachua County
Anna Maria
Apalachicola
Archer
Atlantic Beach
Atlantis
Auburndale
Aventura
Avon Park
Bal Harbour
Bay Harbor Islands
Bell
Belle Isle
Belleair Bluffs
Beverly Beach
Blountstown
Boca Raton
Boynton Beach
Bradenton
Bradenton Beach
Brevard County
Briny Breezes
Callahan
Callaway
Cape Canaveral
Cape Coral
Cedar Key
Center Hill
Cinco Bayou
Clay County
Clearwater
Clermont
Clewiston
Cloud Lake
Cocoa Beach
Coconut Creek
Collier County
Columbia County
Cooper City
Coral Springs
Davenport
Daytona Beach Shores
Deerfield Beach
Delray Beach
Deltona
Destin
Hillsboro Beach
Hillsborough County
Homestead
Howey-in-the-Hills
Hypoluxo
Indialantic
Indian Creek Village
Indian Harbour Beach
Indian River Shores
Indian Rocks Beach
Indian Shores
Inglis
Interlachen
Inverness
Jacksonville
Jacksonville Beach
Juno Beach
Jupiter
Jupiter Inlet Colony
Jupiter Island
Key Biscayne
Key Colony Beach
Key West
Keystone Heights
LaBelle
Lafayette County
Lake Alfred
Lake Clarke Shores
Lake County
Lake Mary
Lake Park
Lake Placid
Lake Wales
Lake Worth
Lakeland
Lantana
Largo
Lauderdale Lakes
Lauderdale-by-the-Sea
Lauderhill
Layton
Levy County
Lighthouse Point
Longboat Key
Macclenny
Madeira Beach
Orange City
Orange Park
Orchid
Orlando
Ormond Beach
Otter Creek
Oviedo
Pahokee
Palm Bay
Palm Beach
Palm Beach County
Palm Beach Gardens
Palm Beach Shores
Palm Shores
Palm Springs
Parkland
Pasco County
Pembroke Park
Pembroke Pines
Pierson
Plantation
Polk City
Pompano Beach
Ponce Inlet
Port Orange
Port St. Joe
Quincy
Redington Beach
Redington Shores
Royal Palm Beach
Safety Harbor
St. Augustine
St. Augustine Beach
St. Cloud
St. Johns County
St. Petersburg Beach
San Antonio
Sanford
Sanibel
Satellite Beach
Sea Ranch Lakes
Sebastian
Seminole
Sewall's Point
Shalimar
South Bay

Dunedin
Dunnellon
Duval County
Eagle Lake
Eatonville
Edgewater
Edgewood
Eustis
Fellsmere
Fernandina Beach
Flagler Beach
Fort Lauderdale
Fort Meade
Fort Walton Beach
Ft. Myers Beach
Gainesville
Golden Beach
Golf
Golfview
Green Cove Springs
Greenacres City
Greensboro
Gulf Breeze
Gulf County
Gulf Stream
Gulfport
Haverhill
Hialeah
Hialeah Gardens
High Springs
Highland Beach
Maitland
Malabar
Manalapan
Mangonia Park
Margate
Mary Esther
McIntosh
Melbourne
Melbourne Beach
Melbourne Village
Miami Beach
Miami Shores
Miami Springs
Micanopy
Miramar
Monticello
Montverde
Mulberry
Neptune Beach
New Port Richey
New Smyrna Beach
Niceville
North Bay Village
North Miami
North Palm Beach
North Redington Beach
Oakland Park
Ocean Ridge
Ocoee
Oldsmar
South Daytona
South Miami
South Pasadena
Sunrise
Surfside
Sweetwater
Tamarac
Tampa
Tarpon Springs
Taylor County
Temple Terrace
Tequesta
Treasure Island
Umatilla
Valparaiso
Vero Beach
Village of Biscayne Park
Virginia Gardens
Webster
Wellington
West Melbourne
West Palm Beach
White Springs
Williston
Wilton Manors
Windermere
Winter Garden
Winter Park
Yankeetown
Zephyrhills
Zolfo Springs

GEORGIA

Roswell

IDAHO

Sun Valley

ILLINOIS

Algonquin
Arlingon Heights
Bannockburn
Barrington
Belleville
Buffalo Grove
Clarendon Hills
Deerfield
Elgin
Elmwood Park
Evanston
Glen Ellyn
Gurnee (limited areas)
Hanover Park
Hazel Crest
Homewood
Itasca
Lake Forest
Lake Zurich
Lansing
Lisle
Lombard
Loves Park
Matteson
Maywood
Morton Grove
Mt. Prospect
Naperville
New Lenox
Niles
Norridge
Northbrook
Oaklawn
Orland Hills
Park Forest
Park Ridge
Prospect Heights
River Forest
Rochelle
Roscoe
Roselle
St. Charles
Schaumburg
Tinley Park
Vernon Hills
West Dundee
Wheaton
Willow Springs
Wilmette
Winnetka
Woodridge

LaGrange
LaGrange Park
Orland Park
Palos Heights
Palos Hills
Zion

MARYLAND

Annapolis
Anne Arrundel County
Baltimore
Baltimore County
Howard County
Montgomery County
Ocean City
Rockville
Talbot County

MASSACHUSETTS

Amherst
Martha's Vineyard

MONTANA

Missoula

NEVADA

Boulder City
Henderson
North Las Vegas

NEW HAMPSHIRE

Concord

NEW MEXICO

Belen
Bernalillo
Edgewood
Rio Rancho
Ruidoso
Santa Fe
Taos

NORTH CAROLINA

Aberdeen
Apex
Asheville
Atlantic Beach
Ayden
Bald Head Mountain
Banner Elk
Beaufort
Beech Mountain
Belmont
Belville
Biltmore Forest
Black Mountain
Blowing Rock
Boone
Brevard
Buncome County
Carolina Beach
Carrboro
Cary
Chapel Hill
Chimney Rock
Clayton
Cornelius
Cramerton
Davidson
Dillsboro
Durham - City
Elon College
Emerald Isle
Flat Rock
Fletcher
Fuquay-Varina
Garner
Gastonia
Grandfather Village
Granite Falls
Havelock
Highlands
Hillsborough
Holly Springs
Hookerton
Huntersville
Indian Beach
Jamestown
Kill Devil Hills
King's Mountain
Kitty Hawk
Knightdale
Lake Lure
Laurel Park
Lewisville
Lincolnton
Maggie Valley
Maiden
Manteo
Montreat
Mooresville
Morrisville
Mount Holly
Nags Head
Nashville
Oak Ridge
Pine Knoll Shores
Pinehurst
Pineville
Pittsboro
Pleasant Garden
Polk County
Rolesville
Ruth
Saluda
Sawmills
Southern Pines
Southport
Sugar Mountain
Sunset Beach
Surf City
Tryon
Wake Forest
Walstonburg
Waynesville
Webster
Wendell

Durham - County
Edenton
Elkin
Mars Hill
Matthews
Mint Hill
Mocksville
Zebulon

OHIO

Bath Township
City of Fairlawn
City of Gahanna
City of Green
City of Hudson
City of Munroe Falls
City of Stow
City of Tallmadge
City of Upper Arlington
City of Hilliard
City of Maumee
Copley Township
Richfield Township
Shaker Heights
Village of Peninsula

SOUTH CAROLINA

Hilton Head
Richland County
Southern Pines

TENNESSEE

Clarksville
Gatlinburg
Germantown
Johnson City
Knoxville
Montgomery County
Washington County
Sevierville

TEXAS

Addison
Alamo Heights
Allen
Alvin
Angleton
Anthony
Argyle
Athens
Aubrey
Austin
Azle
Ballinger
Bartonville
Bay City
Bayou Vista
Bedford
Bee Cave Village
Beeville
Bellaire
Benbrook
Brenham
Bryan
Bulverde
Bunker Hill Village
Canton
Carrollton
Carthadge
Castle Hills
Cedar Park
Clute
Cockrell Hills
College Station
Coppell
Dallas
Forest Hill
Fort Stockton
Fort Worth
Fredericksburg
Frisco
Galveston
Garland
Gatesville
Georgetown
Giddings
Glenn Heights
Grand Prairie
Grapevine
Greenville
Halletsville
Hedwig Village
Highland Park
Highland Village
Hilshire Village
Hondo
Houston
Howe
Hunter's Creek Village
Hurst
Hutchins
Irving
Jersey Village
Katy
Keller
Krugerville
La Feria
Lago Vista
Lake Jackson
Lakeside
Nassau Bay
North Richland Hills
Oak Point
Orchard
Ovilla
Pasadena
Pearland
Pflugerville
Pilot Point
Piney Point Village
Plano
Reno
Richardson
Richland Hills
Richmond
Rockport
Round Rock
Round Top
Rowlett
Santa Fe
Seabrook
Selma
Shenandoah
Shoreacres
Smithville
South Houston
South Padre Island
Southlake
Spring Valley
Stafford
Sunset Valley
Taylor Lake Village
Terrell
The Colony

Deer Park
Denton
Dickinson
Dripping Springs
Duncanville
El Campo
El Lago
Elgin
Flower Mound
Lakeway
League City
Lewisville
Marble Falls
Manvel
McAllen
Meadows Place
Mesquite
Missouri City
Morgan's Point
Universal City
University Park
Uvalde
Waxahachie
Webster
West Lake Hills
West University Place
Woodcreek
Wylie

UTAH

Ogden
Park City

VIRGINIA

Abingdon
Accomack County
Alexandria
Arlington
Bath County
Berryville
Botetourt County
Boyce
Bridgewater
Broadway
Buena Vista
Charlottesville
Chesterfield County
Christiansburg
Clarke
Coburn
Colonial Beach
Craigsville
Culpeper
Danville
Dayton
Elkton
Fairfax
Fauquier County
Franklin
Fredericksburg
Front Royal
Galax
Gordonsville
Henrico County
Iron Gate
Isle of Wight Counties
James City County
Leesburg
Lexington
Loudoun
Luray
Madison
Manassas
Marion
Middleburg
Middletown
Mt. Jackson
New Market
Orange
Page County
Petersburgh
Prince William County
Purcellville
Rappahannock County
Remington
Richmond
Salem
Scottsville
Shenandoah
Southampton County
Stanley
Staunton
Stephens City
Strasburg
Suffolk
Timberville
Virginia Beach
Warren County
Warrenton
Washington
Waynesboro
Williamsburg
Winchester
Woodstock

WASHINGTON

Bellingham
Olympia
Spokane
Spokane City

WISCONSIN

Elm Grove
Wauwatosa

WYOMING

Jackson

A Sample of Cities that have Capped the Number of Billboards

Colorado Springs, CO
Denver, CO
Mobile, AL

Philadelphia, PA
Portland, OR
Seattle, WA

A Sample of Other Cities with Tough Billboard Restrictions

Charleston, SC
Charlotte, NC
Little Rock, AR
Raleigh, NC
Tampa, FL
Washington, DC

Testimony by Karen Huber

78th Texas Legislature
Senate Committee on Intergovernmental Relations
Hearing on SB512 – April 9, 2003
&
House Committee on State Cultural and Recreational Resources
Hearing on HB 994 – April 8, 2003

Good afternoon, Mr. Chairman, Senators/Representatives:

My name is Karen Huber and I represent my husband and myself as property owners in rural western Travis County. I thank you for the opportunity **to testify in support of SB512 (HB994)** and to share with you my personal experience with BILLBOARDS.

My husband and I live about 25 miles West of Austin just off Hwy 71 near the Pedernales River. We are property owners whose property values and chosen quality of life have been significantly and negatively impacted by billboards. A little over a year ago, we returned home from a 3 week absence, to find two huge new billboards on the beautiful hilltop near our home. I was devastated. WHY? Let me paint you the picture of "why":

First, my husband and I are both multigenerational Texans. We both grew up traveling around Texas and loving the gorgeous Texas countryside – its expanse and diversity. We wanted to enjoy a small piece of this in our retirement. We bought our property 8 years ago -- just off Hwy 71 near the Pedernales River. Two years ago, my husband and I moved into the new home we built – committing ourselves to retirement in this area. We chose this particular property because of:

- Its proximity to Austin
- Its real estate investment value – growth was coming our way and felt our property would continue to have good value.
- But mostly for its typical hill country setting. Let me refresh your memory about the beauty of Hwy. 71. The drive on Hwy. 71 from Bee Caves to Llano (some 60 miles) is a gorgeous drive. Much of the highway between Bee Creek and the Pedernales River is some of the most scenic in Texas. Through this area the road rides the crest of the hills and one can look for more than 30 miles to the West, actually seeing the lights of Johnson city, at night; and then look NE for more than 30 to 40 miles, seeing much of Lake Travis winding its way to Mansfield Dam. These are awesome views. You feel you are literally on top of Texas! Highway 71 is also designated as the *Texas Bluebonnet Trail*, and every year, about this time, both locals and tourists take to this Highway to enjoy the gorgeous wildflowers.
- The dark night skies – That old favorite Texas song, "*The stars at night are big and bright, deep in heart of Texas. . .*" was a reality – at least for the short run. On a moonless night, the stars and the milky way were so bright you could see your way around without a flashlight. You could see shooting stars almost every night, if you looked hard enough.

So these were the reasons we chose to retire in this area.

As I mentioned, growth was coming our way and we realized and accepted this – even welcomed it because it helps our property values and provides more amenities. But, with these amenities-- the gas stations, food marts, feed stores, restaurants – have come the GIANT billboards. Under current law, establishments such as these open the door for BILLBOARDS, which damaged the countryside and

the property values wherever they are built. No one I have talked with in our area wants billboards. Our neighbors live out there for the same reasons we do – the rural setting, the dark skies, and to be surrounded by nature. They did not choose this location because of multimillion dollar homes, landscaped parks or city lights. Indeed, we do have expensive homes, and manufactured homes, straw-bale homes and tepees & busses! But we all are there to be in the country! And, the only way we can control billboard proliferation, now, is to organize and incorporate and do the same things we moved to the country to get away from.

We now have 6 very large, very bright BILLBOARDS on the hill top where the view is the longest and the prettiest. The sky now glows brightly at night. Gone is the regular beauty of the Milky Way. Gone is the beautiful unobstructed view of Lake Travis from the hilltop. In another few years, unless the Legislature stops new billboard construction, we will have dozens more billboards on top of that hill – shining down on our property like giant search lights. Certainly, few people –even city dwellers -- would build a new home or even a quality business in the vicinity of one these mega nightmares. And those of us already there were given no choice in the matter. We pay our taxes, including the ones that build our highways, but we have no choice in how they are littered with billboards. Our gorgeous Hwy 71 hilltop is already damaged and our properties devalued by these billboards AND this is continuing to happen all over our beautiful Texas.

I invite each of you to take a drive out Hwy 71, this week, to see the wildflowers. And while you are out there, look at the billboards that are already along the roads and visualize the others to come. Then multiply that example by all the other gorgeous landscapes in each of your different areas around Texas. And remember -- there is nothing, under the current law that can be done to protect these scenic views from the threat of new billboards. Enjoying these unlittered great landscapes in Texas is a privilege that will soon be lost forever …lost because we did not act soon enough, when we could, to preserve it.

Please, Mr. Chairman, Senators, vote in favor of SB512 (HB994) to limit the constructions of new billboards, AND go further than that. Embrace this Bill as a statement of belief in the great future of Texas -- a future that ensures for generations to come, the awesome Texas landscapes that we ALL have been so privileged to enjoy in our lifetimes.

Thank you.

FOR THE RECORD:

ATTN: Piper Largent:

Regarding the House subcommittee's meeting on highway billboards, historic Quassy Amusement Park in Middlebury, CT relies heavily on the use of this media to promote the seasonal property. Much of our annual advertising budget is dedicated to such advertising, which is necessary to draw traffic to this 95-year-old property.

Properly placed and maintained boards such as the ones we use are not an eye-sore, but in some instances add to some otherwise distracting and unsightly surroundings.

We understand that there are issues regarding billboards and other highway advertising, but we believe the industry has been curtailed enough in recent years and any further depletion could further disrupt those businesses who are dependent on such advertising support.

Sincerely

John Frantzis, president
Quassy Amusement Park
Middlebury, CT
203-758-2913