

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2020 REGULAR SESSION**

MEASURE

2020 BR NUMBER 931

HOUSE BILL NUMBER 160

TITLE AN ACT relating to the sponsorship of Transportation Cabinet facilities and vehicles and making an appropriation therefor.

SPONSOR Representative Thomas Huff

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Highways

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED _____

FISCAL ESTIMATES	2019-2020	2020-2021	2021-2022	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		Indeterminable	Indeterminable	Indeterminable
EXPENDITURES		Indeterminable	Indeterminable	Indeterminable
NET EFFECT		Indeterminable	Indeterminable	Indeterminable

() indicates a decrease/negative

PURPOSE OF MEASURE: This bill, if enacted, would allow commercial sponsorships of rest areas, welcome centers, roads, bridges, or tunnels located within the state primary road system and any device or contrivance for carrying or conveying persons, property, or substances, including conveyance by highways or by airway which are owned or leased by the Transportation Cabinet.

FISCAL EXPLANATION: The proposed bill requires that all sponsorship agreements must comply with Federal Highway Administration directives and federal rules and regulations. This proposal requires the Transportation Cabinet to seek approval from the Federal Highway Administration prior to implementing sponsorship program policies concerning areas within the highway right-of-way.

Sponsors are required to pay fair market value for the extent of exposure offered under the sponsorship agreement. All net revenue received from sponsorship agreements are to be deposited to the maintenance account with the Road Fund and appropriated in accordance with federal and state laws regulating disbursements of this type of funds. While “net revenue” is not a defined term in the proposed bill, for purposes of this analysis, it is assumed that net revenue is the amount paid by the sponsor for the sponsorship less the agency’s cost for signage and other administrative costs incurred.

Based upon a recent study of the West Virginia Sponsorship Program proposal there were nine states that reported having a sponsorship program and ten states that have attempted a program but received little to

no interest from sponsors. The success of the program is dependent upon the number of sponsors which appears to be somewhat limited.

Due to the time needed to develop the sponsorship program, gain approval from the federal agency, and advertise the program, it is anticipated that a sponsorship program will not be up and running in FY 2019-2020. For the reasons cited above, the fiscal impact to the Road Fund for FY 2020-2021 and FY 2021-2022 may be positive, but the amount is indeterminable.

DATA SOURCE(S): 2018 Feasibility Study West Virginia Sponsorship Program, January 2019
PREPARER: Charlotte Quarles NOTE NUMBER: 46 REVIEW: JAB DATE: 1/14/2020