



SF 548 – Outdoor Advertising (LSB2489SV)
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Fiscal Note Version – New

Description

Senate File 548 amends the definition of “advertising device” by making it contingent on remuneration paid or earned in exchange for erection, display, or existence of the device. The Bill also strikes various provisions in Iowa Code chapters **306B** and **306C** that are obsolete under the new definition of “advertising device.” Current Iowa statute may not be in compliance with federal law regulating outdoor advertising along federal interstates and primary highways.

Background

Under federal law, the State of Iowa must maintain effective control of outdoor advertising along interstates and primary roadways as defined in **23 CFR §750.705**. If Iowa’s current law is out of compliance with federal regulations, the State would be subject to a 10.0% penalty to annual federal aid funding to highways pursuant to **23 U.S.C. §131**.

Currently, outdoor advertising along interstates and primary State highways is regulated based on reading the content of a sign, such as a sign providing directions and times of special events, and then applying regulation based on the type of sign. Past court cases such as **Reed v. Town of Gilbert** and **Willson v. City of Bel-Nor** have challenged regulation of this nature as a violation of the First Amendment (Freedom of Speech), and Iowa currently regulates signs in a similar manner. If Iowa regulations are found to be unconstitutional, the State would no longer have effective control of outdoor advertising and would be subject to penalty.

Texas, Oregon, Tennessee, and Kentucky have similar forms of sign regulation and have not had constitutional challenges.

Fiscal Impact

Senate File 548 is expected to keep Iowa’s outdoor advertising regulations in compliance with federal law. Enactment of the Bill would prevent the loss of approximately \$53.2 million annually in federal highway funds.

Sources

Legislative Services Agency
Department of Transportation

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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