

Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 761—Chapter 119
“Tourist-Oriented Directional Signing”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 321.252 as amended by 2024 Iowa Acts, Senate File 2385, section 317

State or federal law(s) implemented by the rulemaking: Iowa Code section 321.252 as amended by 2024 Iowa Acts, Senate File 2385, section 317

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

July 30, 2024
3 to 3:30 p.m.

[Microsoft Teams Link](#)
Or dial: 515.817.6093
Conference ID: 648 499 699

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis. Written or oral comments in response to this Regulatory Analysis must be received by the Department of Transportation no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Advertising Management
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Ames, Iowa 50010
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Email: brooks.glasnapp@iowadot.us

Purpose and Summary

The purpose of Chapter 119 is to establish standards and conditions for the Department’s system of blue directional signs along highways in rural areas and small towns in Iowa. These signs identify and provide directional information for businesses and sites that may be of interest to the traveling public. The design of these signs and the qualifying standards for businesses must conform to the Manual on Uniform Traffic Control Devices (MUTCD) as adopted pursuant to Iowa Code section 321.252.

This chapter was significantly revised in early 2023, relaxing many of the entry qualifications for business owners interested in the program. Since that review was not subject to Executive Order 10, this review was conducted to meet the Executive Order 10 objectives, including the reduction of unnecessarily restrictive language, redundancies, and general overall volume. The relaxed entry qualifications remain unchanged in the repromulgated version, but an additional change is the elimination of the Tourist Signing Committee. This committee has provided a benefit for the program over the years by the committee’s diverse representation and input during rulemaking and review of applications. However, with the more relaxed entry qualifications from the 2023 rule amendments in place, and because 2024 Iowa Acts, Senate File 2385, section 317, amended Iowa Code section 321.252(3) to eliminate the Tourist Signing Committee, this additional layer of review and associated processing time can be eliminated.

Analysis of Impact

1. Persons affected by the proposed rulemaking:

- Classes of persons that will bear the costs of the proposed rulemaking:

This voluntary signing program has been in place for many years. The business owners who apply for sign permits from the Department, including the logo signs and billboards, as well as this program, fund the operation of the Advertising Management section of the Department. The fund operates generally in a net-neutral fashion each year, with salaries, benefits, equipment, and fuel expenses roughly equaling the revenue brought in from the permits. This was the intent of the Iowa legislature in the early 1970s, as evident in Iowa Code section 306C.11(2)“b.”

The cost to participate in this program depends upon the number of signs utilized, but typically totals about \$700 for a set of two signs, with an annual renewal fee of \$100. The fees have not been increased since 1996, and nonprofit organizations are exempted for a standard application of signs.

- Classes of persons that will benefit from the proposed rulemaking:

Business owners benefit from the program, especially if they have not been able to secure an advertising permit for a sign on private property. State law prohibits the erection of private advertising signs along the primary highway system unless the location is zoned commercial or industrial. Many of the program’s participating businesses do not have highway frontage and are often in the rural areas where the zoning is classified as agricultural. This program allows for them to gain that highway exposure by the placement of state-sponsored signs within the right-of-way and directly in advance of the intersection that leads to the business.

The traveling public benefits from the program by being provided with information on motorist services, attractions and businesses of interest within a ten-mile distance from the highway. These areas might not otherwise have signing options available due to state regulations restricting the placement of outdoor advertising signs in the rural areas and residential zones.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

- Quantitative description of impact:

No quantitative impact is expected with the proposed repromulgated chapter. The program entry requirements and participation fees are staying the same. The costs of the program are generally covered by the Highway Beautification Fund, established by the Iowa Legislature in 1972.

- Qualitative description of impact:

No qualitative impact is expected with the proposed repromulgated chapter. The only substantive change being proposed is the elimination of the Tourist Signing Committee due to the passage of 2024 Iowa Acts, Senate File 2385, section 317. This change will mean that the Department reviews and makes decisions on applications for signs and directs policy development independently rather than running these recommendations through the Committee for approval. This is similar to other signing programs administered by the Department and will reduce the paperwork and processing time for applications. The signing program is voluntary and has existed for many years. It provides a service to both the highway traveler and business owner.

3. Costs to the State:

- Implementation and enforcement costs borne by the agency or any other agency:

The operating costs for this program are generally covered by the advertising permit fees received in the Advertising Management section of the Department. These fees are from the logo signing, billboard permitting, and tourist-oriented directional sign programs administered by the section and are deposited into the Highway Beautification Fund. The salaries, benefits, vehicles, and fueling costs are paid out of this fund, although some labor and equipment costs for the installation of signs are paid

out of the Primary Road Fund. In calendar year 2023, only 12 new sets of signs were installed, so the cost to the Primary Road Fund is minor.

Administration of the program is handled with 50 percent of one full-time employee's time. The employee's current salary with benefits included totals approximately \$96,000. Therefore, the cost to administer the program is about \$48,000. The revenue generated is only about \$35,000, but other revenue, especially from the logo signing program, make up for the difference. Total operating cost for the section is approximately the same as the total revenue, \$950,000. Revenue is generally consistent from year to year, while operating costs see mild fluctuations with position vacancies, cost-of-living increases, and new hires coming in at a lower cost.

- Anticipated effect on state revenues:

There is no anticipated effect on state revenues. Program participation fees are deposited into the Highway Beautification Fund, which exists for the purpose of administering this program, as well as the logo signing and billboard permitting programs. The participation fees are not being increased in this proposed repromulgation and have not been increased since 1996.

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

This signing program is voluntary and considered a benefit to business owners and the traveling public. If the chapter is rescinded with no repromulgated replacement, the Department would have to grandfather the existing signs, or remove them. A substantial labor and time cost would be incurred with removal; approximately 330 businesses are currently participating with at least two sign installations per business. In contrast, maintaining the program involves a manageable labor cost, consisting of approximately 50 percent of one full-time employee's time from the central office, and some expense from district crews to install or remove signs. In calendar year 2023, only 12 new applications were reviewed, so about 24 new signs were installed. These signs are relatively small (72" × 18") and are installed with two posts by district crews.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

In early 2023, this chapter was revised, relaxing the entry requirements for business owners interested in the signing program. The entry requirements are now at the minimum level required by the federal standards in the MUTCD. Most businesses open to the public for at least 20 hours per week and located in a nonurban area within ten miles of a primary highway can now qualify. The proposed repromulgated chapter takes it a step further by eliminating the Tourist Signing Committee, shortening the approval time frames for applicants. Participation fees have been held at the same level since 1996.

6. Alternative methods considered by the agency:

- Description of any alternative methods that were seriously considered by the agency:

A more lenient approach to setting entry requirements was evaluated and adopted in the early 2023 rule amendments, shortly before the Executive Order 10 review project was initiated at the Department. This more lenient approach follows the states of New York, Vermont, and Maine. Rather than evaluating an application based on its value to tourism, essentially all businesses that are open to the general public can qualify, provided certain basic locational requirements are met in accordance with the MUTCD. Furthermore, those rule amendments lowered the minimum hours of operation needed to qualify from 40 per week (depending upon the type of business) to 20 per week, across the board, for any business owner who is interested. As already described, the proposed repromulgated chapter will further compliment the Executive Order 10 effort by eliminating the Tourist Signing Committee and associated processing time in the approval process.

- Reasons why alternative methods were rejected in favor of the proposed rulemaking:

Not applicable.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

The small business impact was the motivating reason for the rigorous review that occurred shortly before Executive Order 10, resulting in the early 2023 amendments. These amendments eliminated more stringent criteria, including hours of operation and an emphasis on whether the destination was of significant tourist value. The requirements are now at the bare minimum standards set in the MUTCD, with most businesses open to the public for a mere 20 hours per week being eligible for participation. The proposed repromulgated chapter compliments the Executive Order 10 effort further by eliminating the Tourist Signing Committee as a necessary review step in the approval process. This will shorten the approval time frame and could theoretically reduce the number of application denials.

Text of Proposed Rulemaking

ITEM 1. Rescind 761—Chapter 119 and adopt the following **new** chapter in lieu thereof:

CHAPTER 119
TOURIST-ORIENTED DIRECTIONAL SIGNING

761—119.1(321) Definitions.

“At-grade intersection,” for the purpose of this chapter, means an intersection of a primary highway and a secondary roadway, municipal street, or other primary highway, in which traffic may pass through the intersection at the same grade level as the intersecting roadway, or turn directly onto the intersecting roadway without the use of a ramp.

“Destination,” for the purpose of this chapter, means a business, service, activity, or site that meets the program requirements established in rule 761—119.3(321).

“Primary highway,” for the purpose of this chapter, means those roads and streets both inside and outside the boundaries of municipalities that are under department jurisdiction but does not include an interstate highway or a freeway primary highway as defined in Iowa Code section 306C.10.

“Tourist-oriented directional signing” means a system of guide signs with one or more sign panels that display the identification of and directional information for an eligible destination.

761—119.2(321) General.

119.2(1) Conformance to MUTCD. The department administers the tourist-oriented directional signing program in conformance with the “Manual on Uniform Traffic Control Devices” (MUTCD), as adopted in rule 761—130.1(321).

119.2(2) Spacing and location.

a. Tourist-oriented directional signing may be installed only when sufficient space is available. The determination of whether sufficient space is available is the responsibility of the department in accordance with the MUTCD and department policies.

b. Tourist-oriented directional signing may be installed only in advance of at-grade intersections where the motorist leaves the primary highway system to travel to the destination. Tourist-oriented directional signs may also be placed on a higher-classified highway to direct motorists onto a lower-classified highway, or on a greater-traveled highway to direct motorists onto a lesser-traveled highway, provided the signs are placed in advance of an at-grade intersection.

c. Tourist-oriented directional signing is limited to the rural areas and towns that are located outside of any urban areas established by the U.S. Census Bureau for incorporated municipalities with a population that meets or exceeds 5,000.

119.2(3) *Message.* The message on a tourist-oriented directional sign is limited to a descriptive name, a directional arrow, the travel distance to the destination, and in some cases for motorist services, an additional short word or acronym indicating an essential fuel type such as diesel, E-85, or EV (electric vehicle charging station).

761—119.3(321) Eligibility for participation. Participation in this signing program is limited to destinations that meet the following criteria:

119.3(1) The destination is open to the general public for a minimum of four days per week and 20 hours per week. These hours are exclusive of any hours of operation that are by appointment, reservation or membership. The hours are conspicuously posted on the premises except for destinations that are open 24 hours per day.

119.3(2) Entrance to the destination is not granted based on age.

119.3(3) The destination derives a major portion of income or visitors from road users not residing in the area of the destination.

119.3(4) The destination is properly licensed by governing authorities relative to the nature of the activity engaged in by the destination.

119.3(5) The destination is located within ten miles of the intersection on the primary highway where the tourist-oriented directional signs will be placed.

119.3(6) The destination is located outside the boundaries of any urban area established by the U.S. Census Bureau for an incorporated municipality with a population that meets or exceeds 5,000.

119.3(7) The destination is not visible from the primary highway in a way that allows motorists time to safely react and make the turn. This program is not intended for businesses that enjoy adequate highway frontage for the placement of on-site signing.

119.3(8) The destination consists of buildings, facilities, and grounds that are safe, suitable, and appropriately designed and maintained for the intended purpose. If residential quarters co-exist in the same building, a convenient, well-marked, and separate entrance is available for patrons to access the activity identified on the sign.

119.3(9) The destination complies with all applicable laws concerning public accommodations without regard to age, race, creed, color, sex, sexual orientation, gender identity, national origin, religion or disability.

119.3(10) The destination complies with Iowa Code chapters 306B, 306C and 306D.

119.3(11) The destination, if seasonally operated, is open for a minimum of four consecutive weeks.

761—119.4(321) Application and approval procedure.

119.4(1) Applications for tourist-oriented directional signing may be submitted to: Advertising Management Section, Traffic and Safety Bureau, Iowa Department of Transportation, 800 Lincoln Way, Ames, Iowa 50010. Information regarding the program may be accessed at www.iowadot.gov/iowaroadsigns or 515.239.1746.

119.4(2) The department may conduct measurements, take photographs, and collect information about destinations as necessary for evaluation purposes.

119.4(3) Applications that meet the requirements of this chapter will be approved.

119.4(4) Applications that do not meet the requirements of this chapter will be denied. The applicant will be informed of the reason for the denial.

761—119.5(321) Installation, maintenance, replacement and removal.

119.5(1) *Installation and maintenance of tourist-oriented directional signs.* Except as provided in subrule 119.5(4), the department will fabricate and perform the installation, maintenance, removal and replacement of tourist-oriented directional signs that are located within the right-of-way.

a. Upon approval of an application, the department will design the tourist-oriented directional sign and provide a scaled drawing of the tourist-oriented directional sign to the applicant, allowing the applicant to reconfirm interest before proceeding with fabrication.

b. Upon payment of the initial fee specified in subrule 119.5(3), the department will fabricate and install the tourist-oriented directional sign.

119.5(2) *Installation and maintenance of trailblazing signs.* Trailblazing signs are necessary when the destination is not located adjacent to the intersecting roadway.

a. The department may fabricate trailblazing signs and provide them to cities and counties for installation on secondary roads and city streets, if such placement does not violate any local ordinance, policy, or traffic manual.

b. The department will consult with the local authority to confirm that placement of a trailblazing sign is possible to guide the motorist to the destination.

c. Tourist-oriented directional signs may be installed only when all trailblazing signs may also be installed.

119.5(3) *Initial and renewal fees.* The initial fee, payable once an application is approved, is \$350 for each 72" × 18" sign placed along the primary highway and \$26 for each trailblazing sign placed along a nonprimary highway. These fees include the cost of sign fabrication and installation but do not include any additional requested fees by local jurisdictions for the placement of trailblazing signs along local road systems. The annual renewal fee, payable on or before June 30 of each year, is \$50 per sign, excluding trailblazing signs. This fee covers the administrative costs and normal maintenance.

119.5(4) *Seasonal destination.*

a. Seasonal destinations may be approved for the program if “closed” panels are installed over the directional information when the destinations are not open for the season or when the hours of operation are not meeting the minimum listed in subrule 119.3(1).

b. Destinations such as golf courses and Christmas tree farms where the expected seasonal period is generally known by motorists may forego the use of “closed” panels.

c. Destinations using “closed” panels may arrange to remove or reinstall the panels on their own through an agreement with the department or pay a fee to the department to perform the service. The fee is \$40 per trip and includes all signs associated with the destination that are located along the primary highway system.

119.5(5) *Replacement.* Tourist-oriented directional signs are constructed with high-quality materials designed to last many years. The department may, however, determine that a tourist-oriented directional sign needs to be replaced due to damage from vehicles, deterioration from age, or loss due to theft. In these cases, the cost for replacing the sign is the responsibility of the destination.

119.5(6) *Not-for-profit organizations.* A not-for-profit destination is exempted from all fees and costs associated with the installation and maintenance of a single set of signs at a location determined by the department to be the most reasonable approach to the destination. Additional locations may be requested by the not-for-profit organization, and if approved, such locations are subject to the associated fees and costs described in this chapter.

119.5(7) Removal. The department may remove a tourist-oriented directional sign if the destination no longer qualifies for tourist-oriented directional signing. As official signs, all removed tourist-oriented directional signs are retained as property of the department unless released to the destination for purposes other than display along any public roadway.

These rules are intended to implement Iowa Code section 321.252.