



HOUSE BILL 771: Compensation for On-Premises Sign Upgrades.

2023-2024 General Assembly

Committee:	House Judiciary 1. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	May 3, 2023
Introduced by:	Rep. Crutchfield	Prepared by:	Brian Gwyn*
Analysis of:	Second Edition		Committee Co-Counsel

OVERVIEW: *The 2nd edition of House Bill 771 would provide that, except in limited circumstances, a local government must compensate the owner of an on-premises advertising sign if the local government adopts or amends an ordinance requiring the owner of the sign to bring the sign into compliance with the ordinance.*

CURRENT LAW: Chapter 160D of the General Statutes contains the procedures cities and counties utilize for development approvals under their planning and development regulations. G.S. 160D-912 authorizes cities and counties to regulate, with limitation, *off-premises* outdoor advertising and require their removal if they are non-conforming. No ordinance can require removal of *off-premises* outdoor advertising unless monetary compensation is paid to the owner of the non-conforming sign. Monetary compensation is the fair market value of the *off-premises* outdoor advertising in place immediately prior to its removal and without consideration of the effect of the ordinance or any diminution in value caused by the ordinance requiring its removal and is determined by certain statutory factors. Payment of monetary compensation for removal of non-conforming *off-premises* outdoor advertising is not required where:

- The local government and sign owner enter into a relocation agreement.
- The local government and sign owner enter into an agreement allowing the sign to remain in place for a fixed period of time.
- The sign is a public nuisance or is detrimental to the public health or safety.
- Removal is required for a street or sidewalk project or public enterprise construction and the sign is relocated.
- Removal is required under statutes, ordinances, or regulations generally applicable to the demolition or removal of damaged structures.

There are no specific provisions in Chapter 160D of the General Statutes pertaining to the authority of cities and counties to regulate *on-premises* outdoor advertising.

BILL ANALYSIS: The bill would provide that a local government may not adopt or amend an ordinance to require the owner of a nonconforming *on-premises* advertising sign to bring the sign into conformity unless the local government either (1) pays monetary compensation to the owner of the nonconforming sign, whereupon the local government would then own the sign and be required to remove it or (2) reimburses the owner in an amount equal to the difference in the fair market value of the nonconforming sign and the reasonable cost to bring the sign into compliance, whereupon the owner would be required to bring the sign into compliance in a timely manner. A nonconforming sign would be defined as an *on-premises* advertisement that was lawfully installed but which does not comply with current ordinances or regulations.

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Monetary compensation would be the fair market value of the nonconforming sign in place immediately prior to its removal and without consideration of the effect of the ordinance or any diminution in value caused by the ordinance requiring its removal. In determining monetary compensation, the local government would be required to use the factors listed in G.S. 105-317.1(a). If the local government and owner of the sign are unable to agree on the amount of monetary compensation or reimbursement owed to the owner of the sign an action may be commenced by the local government in superior court for a determination of compensation.

Monetary compensation would not be required in the following circumstances:

- If the local government and owner of the sign enter into a voluntary agreement allowing for removal of the sign after a set period of time.
- If the nonconforming sign is a public nuisance or detrimental to the health and safety of the public.
- If removal of the nonconforming sign is required for a street or sidewalk project or public enterprise construction and the sign is relocated.
- If the nonconforming sign is subject to removal under statutes, ordinances, or regulations generally applicable to the demolition or removal of damaged structures.

EFFECTIVE DATE: The bill would be effective when it becomes law.

**Nicholas Giddings and Billy Godwin, Staff Attorneys with the Legislative Analysis Division, substantially contributed to this summary.*