

# **Billboard Cost Factors**

Off-Premise Outdoor Advertising

Revised for 2007

(Includes 2008 Supplement for Tri-Vision Signs)

## **Oregon Department of Revenue**

Property Tax Division

Assessment & Taxation Section

May-07

May-08 (Supplement added)

## **Billboard Property**

Oregon Administrative Rule (OAR) 150-308.115 defines billboards as real property. Section 1 requires that the person paying taxes on the billboard “must file annually with the assessor’s office a Real Property Return (RPR).” Real property return requirements are identified in ORS 308.290. Requiring billboard owners to report using the RPR may eventually establish a statewide database connected to Oregon.

OAR 150-308.115(2) requires that each county create an A-1 account (improvement on land not owned) for each billboard property. The A-1 account will provide for a more uniform statewide practice.

Following is the administrative rule that sets the standards for the valuation of billboard properties in Oregon:

### **OAR 150-308.115**

#### **Billboards as Real Property**

All billboards that are erected upon the land or affixed to buildings or other permanent structures shall be classified as **real property**.

- (1) The person or persons who are responsible for paying the taxes on the billboard must file annually with the assessor's office a **Real Property Return** for all billboards within the county.
- (2) Either of the following procedures may be used by the assessor in assessing billboards.
  - (a) Establish one "A-1 improvement only" account for each billboard based upon location;  
or
  - (b) Establish one "A-1 improvement only" account for each individual ownership in each tax code area where the billboards are located. This account lists the locations -- by address, map/tax lot or both -- of all billboards in the tax code area.
- (3) Mobile billboards shall be classified as personal property. A billboard is mounted on a frame so it can be carried by a person, on a flatbed, or in the back of a pickup .

Stat. Auth.: ORS 305.100

Stats. Implemented: ORS 308.115

Hist.: RD 8-1992, f. 12-29-92, cert. ef. 12-31-92

### **Billboard Classification**

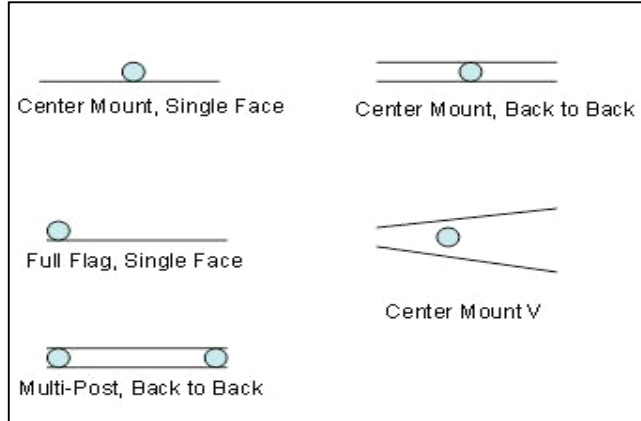
The department recommends that billboard properties be classed as commercial real property, requiring the maximum assessed value (MAV) to be determined using the 2-X-X Changed Property Ratio (CPR). Normally, the more appropriate classification would be 0-2-1 (miscellaneous-commercial-improved) because most of these properties are improvement-only accounts (A-1). However, many counties do not calculate CPRs for their miscellaneous property classes. When coupled with pre-existing system limitations and prior classification practices, it may be more appropriate to class the billboard properties as a 2-0-1 to ensure that the 2-X-X CPR is used to calculate any changes to MAV.

Please note that reclassifying a billboard from personal property to commercial real property **does not** qualify as a MAV exception event. Billboard accounts that are reclassified from personal to real property result in a MAV balance. Only new property that meets the requirements of major improvements under ORS 308.146 will be added to the existing MAV using the 2-X-X CPR, according to the process described in OAR 150-308.149(6).

# Billboard Cost Factors

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## Common Configurations for Billboard Construction



### Examples



Center Mount V



Multi-Post, Single Face



Center Mount, Back to Back



Center Mount V in Railroad Right-of-Way

## 2007 Cost Data

### Monopole Single Face Center Mounted

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
20x50		\$82,600	\$91,000	\$107,900	\$131,000
16x60		\$76,000	\$84,400	\$101,300	\$124,400
14x48		\$65,500	\$73,900	\$90,800	\$105,700
12x40		\$51,900	\$60,100	\$76,600	
10.5x36		\$40,800	\$49,900	\$68,100	
12x25		\$34,000	\$39,400	\$50,200	

### Monopole Single Face Partial Flag

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
20x50		\$85,900	\$94,700	\$112,200	\$136,300
16x60		\$79,000	\$87,800	\$105,400	\$129,400
14x48		\$68,100	\$76,900	\$94,500	\$109,900
12x40		\$54,000	\$62,500	\$79,600	
10.5x36		\$42,500	\$51,900	\$70,800	
12x25		\$35,400	\$41,000	\$52,200	

### Monopole Single Face Full Flag

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
20x50		\$93,600	\$101,700	\$117,800	\$143,200
16x60		\$85,900	\$94,300	\$111,200	\$135,400
14x48		\$75,400	\$83,900	\$100,800	\$116,700
12x40		\$68,900	\$76,200	\$90,900	
10.5x36		\$56,200	\$65,300	\$83,400	
12x25		\$49,400			

### Monopole Double Face Center Mounted

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
20x50		\$88,100	\$97,600	\$116,700	\$142,100
16x60		\$81,500	\$91,000	\$110,100	\$135,400
14x48		\$70,800	\$79,700	\$97,500	\$117,200
12x40		\$60,400	\$68,600	\$85,100	
10.5x36		\$48,200	\$52,800	\$62,100	
12x25		\$44,200			

### Monopole Double Face Partial Flag

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
20x50		\$91,600	\$101,500	\$121,400	\$147,700
16x60		\$84,700	\$94,600	\$114,500	\$140,900
14x48		\$73,600	\$82,900	\$101,400	\$121,900
12x40		\$62,800	\$71,400	\$88,500	
10.5x36		\$50,100	\$54,900	\$64,600	
12x25		\$46,000			

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**Monopole Double Face Full Flag**

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
20x50		\$99,100	\$109,000	\$128,800	\$156,400
16x60		\$92,500	\$102,000	\$121,100	\$148,700
14x48		\$79,600	\$90,300	\$111,800	\$128,200
12x40		\$73,200	\$83,100	\$103,000	
10.5x36		\$64,700	\$69,200	\$78,300	
12x25					

**Tri-Sided Center Mounted**

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
20x50					
16x60					
14x48		\$121,100		\$156,400	\$221,300
12x40					
10.5x36					
12x25					

**Tri-Sided Stacked Center Mounted**

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
20x50					
16x60					
14x48		\$113,200			
12x40					
10.5x36					
12x25					

**Multi Mast Steel Single Faced**

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
14x48	\$43,400				
12x40	\$36,600				
10.5x36	\$31,500				
12x25	\$26,400				

**Multi Mast Steel V Built**

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
14x48		\$85,100			
12x40		\$71,500			
10.5x36		\$63,000			
12x25		\$51,100			

**Multi Mast Steel Double Faced**

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
14x48		\$68,100			
12x40		\$57,900			
10.5x36		\$51,100			
12x25		\$42,500			

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**A Frame-Steel Single Faced**

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
10.5x36		\$31,500			
12x25		\$26,400			

**A Frame-Steel V Built**

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
10.5x36		\$63,000			
12x25		\$52,800			

**A Frame-Steel Double Faced**

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
10.5x36		\$44,200			
12x25		\$35,700			

**A Frame-Wood Single Faced**

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
14x48	\$17,100				
12x40	\$12,600				
10'6x36	\$10,100				
12x25	\$8,600				

**A Frame-Wood Double Faced**

Size	25' Hgt	40' Hgt	50' Hgt	70' Hgt	100' Hgt
14x48	\$34,300				
12x40	\$25,200				
10'6x36	\$20,200				
12x25	\$17,100				

\*These costs are current as of January 1, 2007. They have been adjusted using actual verified/reported costs of billboards constructed in 2006.

The Department of Revenue's (DOR) 2006 cost factors were compared with actual reported costs for new billboards built in 2006. DOR adjusted the actual reported costs upward by 10 percent to account for entrepreneurial profit. Monopoles, which represent all of the new signs built in 2006 for which DOR received data, were adjusted as follows: 14' x 48' and larger were adjusted upward using a median ratio of 0.85. 12' x 40' and smaller were adjusted using the median ratio of 0.55. DOR adjusted up the remaining steel constructed cost indicators using the 0.55 ratio because these costs were in the same range as those for the smaller sized monopoles. All wood-frame factors were adjusted upward using Marshall's comparative cost indexes for 2007 by comparing the index to the 2006 index, resulting in a 0.929 ratio. DOR adjusted all factors by dividing the prior year's factor by the ratio and rounding to the nearest 100. Overall, the cost factors represent a ratio of 0.68 or an index of 1.47 percent for the steel structures and a ratio of 0.929, or an index of 1.08 percent for wood frame.

## Component Cost Allocation for a Billboard

For a typical 30-to-50-foot monopole

The following are the general costs associated with new billboard construction. The costs are based on a 10' x 30' on a 30-to-50 foot high monopole as measured from the top of the sign. The data was provided by a major media group and supplemented by an Oregon billboard owner/operator. Both companies were involved in the construction, management, and ownership of billboards. It is difficult to determine a single cost factor due to the range in billboard sizes, designs, and site factors.

Category	Cost	% of Total
Installation	\$12,000	0.200
Electricity Setup	\$4,200	0.070
Delivery	\$3,000	0.050
Foundation work	\$2,000	0.033
Hole Excavation	\$3,000	0.050
Sign Structure	\$20,000	0.334
Lights (2-3 per Face)	\$2,700 \$450 ea	0.045
Light brackets	\$400	0.007
Faces	\$5,000 \$2,500 ea	0.083
Permits & Fees	\$1,715	0.029
Miscellaneous	\$500	0.008
Entrepreneurial Profit	10% \$5,452	0.091
<b>Total</b>	<b>\$59,967</b>	<b>1.000</b>

### Additional Adjustment Factors

Height adjustment: Add about 5 percent for every 15' increase. Due to wind load issues, the costs increase for billboards 75 feet or taller.



## Depreciation for Billboards

May-07

Effective Age in Years	20 Year Life (Wood)	50 Year Life (Steel)
1	95	100
2	90	99
3	85	99
4	80	98
5	75	97
6	70	97
7	65	96
8	60	95
9	55	95
10	50	94
11	45	93
12	40	92
13	35	91
14	35	90
15	35	89
16	35	88
17	35	87
18	35	86
19	35	84
20	35	83
21	35	82
22		80
23		79
24		77
25		75
26		73
27		72
28		70
29		68
30		66
31		62
32		57
33		52
34		47
35		41
36		35
37		35
38		35
39		35
40 - 50		35

### Explanation

As part of the revision process for 2007, DOR re-examined the depreciation recommendation because of an interview with a longtime Oregon-California billboard owner/builder.

This industry expert said that billboards show little, if any, depreciation and generally appreciate. He said a modern monopole billboard has a 100-year life expectancy.

The recommended schedules for California, Texas, New Jersey, and North Carolina suggested a life expectancy of 20 years for wooden structures and 40 years for steel. Nevada uses a 50-year straight-line depreciation schedule. California's Board of Equalization Standards indicates billboards suffer little if any physical or functional depreciation.

In recessionary times, or where a road project changes traffic patterns, external obsolescence may occur.

When DOR developed the reference book and training materials for the "Communication Site Valuation," it used an age-life study by the U.S. Department of Energy-Western Area Power Administration.

The study showed that a steel or concrete pole had a service life of at least 50 years. At 50 years, 3 percent of poles had to be replaced. Wooden poles had a 14-percent replacement rate at 40 years.

### Recommendations

Based on a review of available data, DOR developed the billboard property depreciation schedules, effective January 2007.

DOR recommends that the above schedules be used:

20 years for wooden structures and 50 years for steel. The schedules are based on effective age, not actual age.

The depreciation should not be lowered below 35 percent remaining good if the structure continues to produce a viable income stream.

For most billboards, no negative or positive adjustment is appropriate for physical condition.

As long as a billboard structure can support a sign face, the physical condition probably has little effect on the income stream so the physical condition may not be important. Only the worst structures and perhaps the best will fall outside the recommended schedules.

## Tri-Vision Billboards - Three Message Signs

2008 Supplement to Billboard Cost Factors

A "Tri-Vision" billboard is an outdoor advertising sign with a slatted face that allows three copy messages to change at programmable intervals. Enhancements may include a control board, louver alignment, and options for rotating louvers in either quick-turn or wave effects. These signs are typically controlled remotely. In Oregon, as of the date of this supplement, only the 8' by 16' have been built. Other sizes are available.



2008 Cost Factors	
Height to the Top of the Sign	Cost per Sign Face
20' or less	\$40,000
21' to 29'	\$42,000
30' or more	\$44,500