

## Billboard Excise Tax

**Billboard Excise Tax:** The City charges a fee for permits and for annual inspections for signs including billboards. In addition, the personal property lease tax applies to the rental/lease of some billboards.

### Background

The City currently charges a fee for issuing permits for signs, including billboards. Current fees include a \$200 or \$500 zoning review fee depending on if the sign is on or off premises, respectively, and a \$50 to \$1000 fee depending on the size of the sign:

Size	Building Permit Fee
0-49 square feet	\$50
50-99 square feet	\$100
100-199 square feet	\$200
200-499 square feet	\$500
500 square feet or more	\$1000

Signs, including billboards, are also subject to annual inspection requirements, with fees depending on the size and type of the sign:

Location of Billboard	Inspection Fee
Projecting over the public way	\$40 per sign plus \$1.50 per square foot of area over 100 square feet
On private property / flat against a building / roof	\$40 per sign plus \$1.00 per square foot of area over 100 square feet

The lease or rental of some billboard space in Chicago is subject to the personal property lease tax, which is imposed on the lease or rental of personal property in the city at a rate of 9% of the lease or rental price. However, the restrictions discussed in the Legal Authority section below significantly limit the application of the personal property lease tax to billboards.

### Revenue Impact

The City of Baltimore imposes an excise tax on billboards, defined as outdoor advertising displays greater than 10 square feet that are not on the premises of the business, commodity, service, event or activity being advertised. This annual tax is imposed on the owner of the billboard at a rate of \$15 per square foot for electronic billboards and \$5 per square foot for all other billboards.

If the City imposed a similar billboard excise tax on all billboards (in addition to the permit and inspection fees and personal property lease tax where applicable), it could generate an estimated \$1.5 million annually.

### Legal Authority

The City does not have the authority to tax the rental of real property or to tax services, except where specifically authorized by the State. As a result, a tax could not be imposed on billboards that are affixed to real property (such as the ground or a building) in a permanent or semi-permanent manner,<sup>1</sup> nor

---

<sup>1</sup> Whether a billboard is real or personal property is a fact-specific examination, which must be decided on a case-by-case basis. For example, a sign painted on a building, permanently affixed to a building, or embedded in the

could a tax be imposed on lease or rental fees paid for services related to the billboard (such as design, advertising, manufacture, installation, and maintenance or operation in the case of electronic billboards),<sup>2</sup> without state legislation authorizing such taxes. Based on the City's experience enforcing the personal property lease tax on billboards, these 'exceptions' cover the large majority of billboards in Chicago, meaning that a tax cannot currently be applied to most billboards in the city.

---

ground such that it cannot be easily moved, would be considered a fixture that is real property; a small sign that is affixed to a wall but easily moved may be considered personal property.

<sup>2</sup> This arrangement is common where an advertising company owns a billboard – it may provide services such as designing ads, counseling on where ads should go to meet a market, installing the ad, and maintaining or repairing the ad sign.