
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 770 (Mark González) - Advertising displays: convention centers

Version: June 13, 2025

Urgency: Yes

Hearing Date: August 18, 2025

Policy Vote: TRANS. 11 - 2, JUD. 11 - 1

Mandate: Yes

Consultant: Mark McKenzie

Bill Summary: AB 770, an urgency measure, would establish a statutory exemption from the Outdoor Advertising Act (OAA) for advertising displays erected on the premise of a convention center in the City of Los Angeles under specified conditions.

Fiscal Impact:

- The Department of Transportation (Caltrans) anticipates that its administrative costs associated with this bill would be minor and absorbable. Staff notes, however, that Caltrans would likely incur some staff workload to negotiate with city officials and an advertising display owner if the federal government issues a notice of noncompliance in order to determine appropriate remediation and to engage in enforcement actions as necessary. (State Highway Account)
- Caltrans notes that the bill presents a significant potential risk to federal funding in the amount of approximately \$580 million, to the extent that the Federal Highway Administration (FHWA) determines that Caltrans has failed to properly administer the Federal Highway Beautification Act. See staff comments. (federal funds)

Background: The OAA regulates the size, illumination, orientation, and location of advertising displays adjacent to and within specified distances of interstate or primary highways. The OAA, with some exceptions, specifically prohibits the placement of any advertising display on property adjacent to a section of landscaped highway if the display is designed to be viewed primarily by persons traveling on the highway. State law generally does not apply to “on premise” advertising displays, including those that advertise the sale, lease, or exchange of property upon which it is placed and those that advertise the business conducted, services rendered, or the goods produced or sold on the property. Apart from certain safety requirements in state law, the regulation of “on-premise” displays is a local matter. Caltrans also administers the federal Outdoor Advertising Control (OAC) program, which imposes similar restrictions to the OAA on the size, illumination, orientation, spacing, and location of advertising displays adjacent to and within specified distances of interstate or primary highways. If Caltrans fails to properly administer the federal program, the state is subject to sanction that would reduce federal highway funding allocations by 10%. The FHWA periodically audits Caltrans to ensure that it is fulfilling its duties as administrator of federal laws and regulations regarding advertising displays.

Existing law provides for a number of exemptions to the OAA in specified jurisdictions, and for certain advertising displays authorized by a local ordinance that are located on the premises of a sports arena, as specified. One such exemption, enacted by AB 1373 (Santiago), Chap. 853/2016, exempts advertising displays in an eight-block area

adjacent to State Route (SR) 110 and Interstate 10 in the City of Los Angeles from the OAA if certain conditions are met, including compliance with an ordinance adopted by the City of Los Angeles regulating advertising displays. This area is known as the “Avenue of the Angels” and encompasses the Los Angeles Convention Center, Staples Center, and Nokia Theatre. The city is responsible for ensuring an exempt display remains compliant with the ordinance and must hold Caltrans harmless and indemnify the department for any costs incurred to ensure compliance with the ordinance or defend actions challenging the ordinance. Before a display can be placed, Caltrans must review the proposal and determine that the display will not cause a reduction in federal highway funds or otherwise be inconsistent with any federal law, regulation or agreement between the state and federal government. If Caltrans is unable to make such a determination, the department must seek explicit approval from the FHWA for the placement of the display.

Proposed Law: AB 770, an urgency measure, would provide a statutory exemption from the OAA for advertising displays erected on the premise of a convention center in the City of Los Angeles (City) under certain conditions. Specifically, this bill would:

- Exempt from the OAA any advertising display on the premises of a convention center bounded by Wilshire Boulevard, South Figueroa Street, Interstate 10, and SR 110 if the following conditions are met:
 - The convention center has a capacity of 15,000 or more seats.
 - The total space of the convention center exceeds 700,000 square feet.
 - The advertising displays are either located on the premises of the convention center or authorized by a local ordinance that includes a specific plan or sign district that regulates advertising displays, as specified.
 - The display must not advertise products, goods, or services related to tobacco, firearms, or sexually explicit material.
 - Requires the owner of a message center display to allow Caltrans and the California Highway Patrol to display specified public service messages.
- Require Caltrans to provide to the City and a display owner any notice that it receives from an applicable federal agency indicating that the operation of a display will result in the reduction of federal aid highway funds. The City and display owner would be authorized to negotiate with Caltrans in response to the notice to determine an appropriate remediation.
- Provide that the authority for a display would cease and require the display owner to remove all advertising copy from the display within 60 days of receiving a notice from Caltrans, unless an appropriate remediation has been determined, as specified.
- Require Caltrans to impose a civil fine of \$10,000 per day for failure to remove advertising content, as specified, and specifies that Caltrans is not liable for the failure of a display owner to remove advertising content, as required.
- Provide that the City has primary responsibility for ensuring advertising displays conform to the City’s advertising ordinance. Caltrans would not be liable and would be held harmless if the City fails to ensure displays conform to the ordinance after 30 days of Caltrans notifying the City of any issues of nonconformity, as specified.
- Direct Caltrans, when negotiating its OAC agreement with FHWA in the future, to include support for advertising displays at convention centers among Caltrans’ priorities.

Related Legislation: AB 1415 (Santiago), Chap. 689/2023, expanded the locations in the City of Los Angeles that are subject to a specified exemption from the OAA to include areas adjacent to SR 110 and the area authorized under AB 1373 and areas adjacent to SR 101 in Hollywood, subject to preapproval by Caltrans.

SB 1309 (Durazo), which was vetoed by Governor Newsom in 2022, would have extended the authorization date for advertising displays for designated sports arenas with a capacity of 15,000 or more seats (the “arena exemption”) to January 1, 2028, as specified. The veto message included the following:

While I appreciate that revenues generated by these billboards provide certain local economic benefits, this bill disregards recent correspondence from the Federal Highway Administration (FHWA), which indicates that the state's transportation funding is at risk due to federal regulations restricting the use of this kind of advertisement. Caltrans has been officially notified that the existing arena billboards do not comply with federal law and exemptions in state law do not provide Caltrans with the ability to maintain effective control of outdoor advertising. The potential impact to California of falling out of FHWA compliance could be a reduction of over \$400 million of federal transportation funding annually.

AB 1373 (Santiago), Chap. 853/2016, provided an exemption from the OAA for signs located in the “Avenue of the Angels” geographic area in Los Angeles, subject to specified conditions, including conformity with a local ordinance, and a requirement for Caltrans, prior to erection of a display, to determine that it would not result in a reduction in federal funds, or otherwise be inconsistent with federal law, regulations, or federal/state agreements. If Caltrans is unable to make such a determination, the department must seek explicit approval from the FHWA for the placement of the display.

Staff Comments: This bill is intended to provide an exemption from the requirements of the OAA and allow the City of Los Angeles to establish a sign district that would generate significant advertising revenue to help finance a major renovation of the Los Angeles Convention Center (LACC). Construction on the \$2.2 billion project is expected to be completed prior to the beginning of the 2028 Olympic and Paralympic Games.

The City has adopted an ordinance establishing the Convention Center and Arena Sign District, which includes the boundaries of the district, divided into four sign zones, requirements that all signs comply with applicable state and federal laws, and several conceptual sign placement plans. Staff notes that the ordinance also includes provisions that exempt signs from local requirements for freeway exposure, and specify that there will be no required minimum distance between signs, except as required under state and federal law or as specified in the ordinance. The City submitted the sign district ordinance to Caltrans for certification and approval in October of 2024, pursuant to the requirements in existing law. In a letter dated February 3, 2025, Caltrans responded to the City noting that while the sign district meets the minimum requirements for an ordinance specified in current law, “several proposed displays as shown in the Sign District Ordinance would facially violate the Highway Beautification Act (23 U.S.C § 131), its underlining regulations (23 C.F.R. Part 750) and the Federal-State Outdoor Advertising Control Agreement of 1968” and denied the City’s certification request. As the result, proponents of the bill assert legislation is needed to allow the City to move forward with its financing plan for the LACC renovation project.

Staff notes that numerous displays included in the conceptual plans for sign placement in the sign district ordinance are not compliant with federal limits on sizing, which limits displays to 1200 square feet, and spacing, which requires a minimum distance of 500 feet between displays on the same side of a freeway. The most recent FHWA program review indicated that state transportation funding was at risk because several current exemptions in state law, including the arena exemption, allow for billboards that do not comply with the Federal Highway Beautification Act (HBA) or do not provide Caltrans with the ability to maintain effective control of outdoor advertising. As noted above, a state that fails to properly administer the HBA may be subject to sanction that would reduce federal highway funding allocations by ten percent, which is approximately \$580 million. Since Caltrans has already noted that certain displays included in the City's sign district ordinance facially violate federal law, this bill would likely create significant potential risk to the state's federal transportation funds.

Staff notes that previous bills that provided exemptions to the OAA included certain guardrails to mitigate the risks to federal highway funding, including requirements that Caltrans certify that a display is consistent with federal laws, regulations, and agreements, and that the department pre-approve an advertising display before it is placed. This bill does not include similar requirements, and instead requires Caltrans to negotiate with the City and display owner regarding appropriate remediation if Caltrans receives a notice from a federal entity indicating that the operation of a display will result in the reduction of federal aid. The bill further imposes civil fines for failure to remove advertising content within specified timelines if appropriate remediation has not been determined. The Committee may wish to consider whether the bill should be amended to require Caltrans to certify compliance with federal requirements prior to approving the placement of displays within the sign district to provide effective control of outdoor advertising and avoid risks to federal funding.

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