

CONCURRENCE IN SENATE AMENDMENTS

AB 770 (Mark González)

As Amended September 4, 2025

2/3 vote. Urgency

SUMMARY

Existing law exempts from certain provisions of the Outdoor Advertising Act (OAA), advertising displays located in specific geographic areas in the City of Los Angeles if those displays meet prescribed conditions and requirements, including the condition that the advertising display is authorized by, or in accordance with, an ordinance adopted by the City of Los Angeles that regulates advertising displays by identifying the specific displays or establishing regulations that include, at a minimum, specified restrictions, as specified.

This bill authorizes an ordinance adopted by the City of Los Angeles pertaining to outdoor advertising displays to provide a framework of allowable signage placement, sizing, and sequencing, as specified that is also consistent with provisions of existing outdoor advertising exemptions for Los Angeles. The bill would also authorize the City to adopt implementing ordinances that sequence or phase the authorization of advertising displays over time, as specified.

Senate Amendments

- 1) Delete the Assembly version of this bill.
- 2) Authorize an ordinance adopted by the City of Los Angeles to authorize a framework of allowable signage that preserves flexibility in the ultimate placement, sizing, and scope of advertising displays, so long as those displays remain within the adopted limits and conditions, as specified.
- 3) Provide the ordinance adopted by the City of Los Angeles, as described, may define a range or maximum signage capacity with which the City of Los Angeles and its designated partners may subsequently determine the final placement, size, and configuration of advertising displays.
- 4) Provide the City of Los Angeles may also adopt implementing ordinances that sequence or phase the authorization of advertising displays over time, provided that the total number, size, and area of those displays do not exceed the maximum limits certified, as specified.
- 5) Make relating technical and clarifying amendments.
- 6) Add an urgency clause.

COMMENTS*Background.*

The OAA. A combination of state and federal requirements govern the placement and operation of all outdoor advertising in California. Caltrans regulates the placement of outdoor advertising displays that are visible from California highways. The state's 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 freeway.

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. Existing law, through a contractual agreement, establishes Caltrans as the administrator of the federal Outdoor Advertising Control program, which includes similar restrictions as the OAA, including maximum sign size, sign spacing, location, illumination, and content. If the state fails to properly administer the federal program, the state is subject to a sanction that would reduce its federal highway funding allocations by 10%. Caltrans performs regular reviews of freeways and highways identified on the National Highway System to enforce outdoor advertising requirements under the Federal Highway Beautification Act and the State's OAA.

Existing law provides exemptions to the OAA for certain signs located in specified jurisdictions, all of which were explicitly authorized by the Legislature. For instance, the Act exempts from its provisions certain advertising displays on the premises of the arena that has been authorized as of January 1, 2021, by, or in accordance with, a local ordinance, as specified. The sports arena must be capable of providing a venue for professional sports on a permanent basis and have a capacity of 15,000 or more seats.

Federal Highway Beautification Act of 1965. The Highway Beautification Act (HBA) was created to protect the public investment, promote the safety and recreational value of public travel, and to preserve the natural beauty of highways in the nation. The HBA specifies that states have the responsibility to enforce provisions regarding the placement and maintenance of outdoor advertising signs, displays and devices along the Interstate and National Highway System. The state of California enforces the provisions of federal law through a compact that was developed between the state and the federal government in 1967. Federal law also includes a penalty for states that violate HBA by reducing all federal highway transportation funds by a designated percentage. If the state fails to properly administer the federal program, the state is subject to a sanction that would reduce its federal highway funding allocations by 10%.

FHWA periodically audits Caltrans. The July 16, 2022, audit of Caltrans by the Federal Highway Administration (FHWA) found that displays in arenas and RDA zones may not be in compliance with federal law, which is more restrictive than state law governing advertising displays. The FHWA recommended that Caltrans pursue compliance with federal law and, in some cases, pursue removal of the signs under threat of the loss of 10% of the state's annual federal-aid funds.

LA Convention Center renovation project. The proposed Los Angeles Convention Center (LACC) renovation project is an estimated \$2.2 billion project that will overhaul and expand LACC's footprint to over one million square feet (sf). New construction would include: 190,000 sf of exhibit space, 55,000 sf of meeting rooms, 95,000 sf of multipurpose rooms, and upgrades to Pico Boulevard, which cuts through LACC. The anticipated approval for construction by the LA City Council is late summer of this year in order to complete most of the renovation project by 2028 for the Olympic and Paralympic games.

With respects to financing the project, the City is proposing to increase rental rates and also construct/erect new advertisement signage that aims to generate a substantial amount of revenue. In order to move forward with establishing a sign district to carry out these financing efforts, the City submitted a request to Caltrans to review and certify the City's advertising signage proposal. In a letter dated February 3, 2025, Caltrans responded to the City noting that while a portion of the proposed 56 new outdoor advertising displays throughout the district meet current existing exemption provisions, "several proposed displays as shown in the Sign District Ordinance would facially violate the Highway Beautification Act (23 United States Code (U.S.C) Section 131), its underlining regulations (23 Code of Federal Regulations (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, the author and sponsors of this bill assert legislation is needed to allow the City to move forward with its financing plan for the LACC renovation project.

Previous OAA exemptions for Los Angeles. Over the past 10 years, several pieces of legislation have been enacted to provide the City with OAA exemptions for various purposes. First, AB 1373 (Santiago, Chapter 853, Statutes of 2016), provided an exemption from regulations of the OAA for signs allowed by a City ordinance in relation to the number and location of billboards in certain areas of Los Angeles. Subsequently, AB 1415 (Santiago, Chapter 689, Statutes of 2023), exempted from the OAA, displays erected in specified areas of Los Angeles surrounding LA Live and also segments within Hollywood pursuant to specified conditions, including preapproval by Caltrans. This bill builds off these previous measures.

AB 770 aligns the proposed provisions of this bill with existing outdoor advertising exemptions applicable to the City of Los Angeles. The amendments also grant the City additional flexibility regarding the placement, size, and scope of advertising displays (billboards), subject to an adopted ordinance and review by Caltrans.

Prior Legislation. AB 1415 (Santiago), Chapter 689, Statutes of 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 of 2016 and areas adjacent to SR 101 in Hollywood, subject to preapproval by Caltrans.

SB 1309 (Durazo), 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.

SB 1199 (Hall), Chapter 869, Statutes of 2016. Authorized two existing advertising displays along Interstate 405 in the City of Inglewood to be considered on-premise displays, until January 1, 2023, which exempted them from the OAA, so long as the displays do not cause a reduction of federal transportation funds.

AB 1373 (Santiago), Chapter 853, Statutes of 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.

According to the Author

According to the author, "AB 770 is a critical tool to support the economic revitalization of Downtown Los Angeles. By authorizing the City of Los Angeles to create a flexible framework for signage at the Los Angeles Convention Center, it will unlock a key revenue stream to help finance the Center's long-planned expansion and modernization. This project is expected to generate more than 8,700 temporary jobs, over 2,200 permanent jobs, attract approximately 500,000 additional visitors annually, and drive over \$550 million in long-term economic activity. AB 770 ensures the City can move forward with a transformative investment that will create jobs, boost tourism, and strengthen the economic vitality of the region."

Arguments in Support

According to a coalition of supporters, "AB 770 will allow the Los Angeles Convention Center expansion and modernization project to move forward in fall 2025 and near completion by spring 2028. This \$2.2 billion project is expected to create approximately 8,700 temporary jobs and 2,200 permanent jobs, attract an estimated 500,000 additional visitors, and generate over \$550 million in economic impact for Los Angeles over the next 30 years. A significant portion of the project cost is expected to be funded through operational revenues, including advertising from digital signage. This project will serve as a catalyst for economic revitalization, a platform for workforce development, and a symbol of Los Angeles' commitment to sustainable growth. Los Angeles is a world-class city with a proud legacy of innovation and global leadership. Yet, our convention center ranks just 21st nationally and continues to fall further behind every year. Despite convention and tradeshow demand rebounding to prepandemic levels, Los Angeles continues to miss valuable opportunities because our Convention Center remains small and outdated. Without modernization, we risk losing our market share entirely."

Arguments in Opposition

General Outdoor Advertising writes, "Billboard advertisements are heavily regulated by federal, state, and local governments. This bill would undermine and, in some cases, violate existing law designed to promote fairness amongst advertisers, protect highway safety, and avoid significant financial penalties for noncompliance with the federal Highway Beautification Act."

FISCAL COMMENTS

Unknown

VOTES:

ASM GOVERNMENTAL ORGANIZATION: 20-0-2

YES: Blanca Rubio, Davies, Alvarez, Berman, Bryan, DeMaio, Dixon, Fong, Gabriel, Gipson, McKinnor, Nguyen, Pacheco, Ramos, Michelle Rodriguez, Sanchez, Solache, Ta, Valencia, Wallis

ABS, ABST OR NV: Carrillo, Soria

ASM APPROPRIATIONS: 14-0-1

YES: Wicks, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache, Ta, Tangipa

ABS, ABST OR NV: Sanchez

ASSEMBLY FLOOR: 73-0-6

YES: Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Rivas

ABS, ABST OR NV: Addis, Connolly, Muratsuchi, Pellerin, Rogers, Zbur

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