

- 4) Permits, notwithstanding the dissolution of a redevelopment agency (RDA), an advertising display developed as part of and within the boundary limits of a redevelopment agency project, as those boundaries existed on December 29, 2011, to be considered an on-premises advertising display if it meets certain criteria for good cause, and allows those advertising displays to remain until January 1, 2026.
- 5) Dissolves RDAs and institutes a process for winding down their activities.
- 6) Requires Caltrans to administer the federal Outdoor Advertising Control (OAC) program under the Highway Beautification Act of 1965 (HBA), which has restrictions similar to California's OAA program, 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 potentially lose 10% of its federal highway funding.

This bill:

- 1) Exempts previously erected advertising displays in former redevelopment agency project areas from provisions of OAA, as specified.
- 2) Provides a process for the abovementioned advertising displays to reapply for a new permit with Caltrans, as specified.

COMMENTS:

- 1) *Purpose of the bill.* According to the author, "As a former local elected official, I understand the importance of outdoor advertisements when it comes to encouraging customers to support local businesses. This bill will help support local businesses by addressing an issue that was inadvertently created when the Legislature eliminated redevelopment agencies. This bill creates a permanent solution, for a small universe of signs that would otherwise need to be taken down. As local governments continue to face an uncertain fiscal outlook over the next few years, this bill is a reasonable policy to support local businesses and allow revenue generated from local business activities to help local governments keep their programs and services in operation."
- 2) *OAA: a history.* Since 1933, Caltrans has enforced the OAA which contains comprehensive standards and regulations for outdoor advertising displays (also known as "billboards"). Caltrans regulates the placement of outdoor advertising displays visible from California highways. Outdoor advertising displays require a permit from Caltrans if they are within 660 feet from the edge of the right-of-

way and viewed primarily by persons traveling on the main-traveled way of the freeway. In order to enforce the requirements for outdoor advertising under HBA and the State's OAA, Caltrans regularly inspects freeways and highways that are part of the National Highway System.

The OAA regulates the size, illumination, orientation, and location of advertising displays adjacent to and within specified distances of interstate or primary highways, and, with some exceptions, specifically prohibits any advertising display from being placed or maintained on property adjacent to a section of landscaped highway.

The Act generally does not apply to “on premises” advertising displays, which include those advertising the sale of the property upon which it is placed or that advertise the business conducted, services rendered, or goods produced or sold on the property. Local governments regulate on-premises displays, except for certain safety requirements. Lastly, existing law includes a number of exceptions to the OAA and assigns Caltrans the responsibility of reviewing and permitting signs that qualify for these exceptions.

- 3) *The end of Redevelopment.* In 2011, facing a severe budget shortfall, Governor Brown and the Legislature passed and enacted legislation ultimately eliminating RDAs in order to deliver more property taxes to other local agencies. Before the elimination of RDAs, the OAA allowed for advertising signs (billboards) that were located within the boundaries of a redevelopment project area to be considered on-premises sign anywhere within the limits of the project if the project area was contiguous or was separated only by a public highway or public facilities developed or relocated for inclusion in the project, and for a period not to exceed 10 years or the completion of the project, whichever occurred first. The dissolution of RDAs raised questions about how existing signs would be treated by Caltrans because there was no longer an RDA to negotiate an extension with Caltrans. At the time, Caltrans had issued approximately 95 permits for advertising displays along landscaped freeways in redevelopment project areas throughout the state.
- 4) *The response & continued extensions.* In 2013, the Legislature passed and Governor Brown signed SB 684 (Hill, Chapter 544, Statutes of 2013). The bill provided that an advertising display advertising businesses and activities within the boundary limits of, and as a part of, an individual RDA project, as the project boundaries existed on December 29, 2011, may remain and be considered an on-premises display, until January 1, 2023, if the advertising display met specified criteria. The bill authorized, on and after January 1, 2022, the applicable city, county, or city and county to request from Caltrans an

extension for good cause, as specified, beyond January 1, 2023, not to exceed the expiration of the redevelopment project area. The measure required a specific certification from a local agency authorizing the advertising displays, as defined.

At the time, the bill did not authorize any new signage, but instead sought to retain the investment-backed expectations of public and private entities that either own or operate existing signs in former redevelopment areas. Due to the elimination of RDAs, one of the unintended consequences is that the sign agreements, formerly authorized by RDAs, can no longer be extended because there is no RDA to authorize the extension.

In 2023, AB 1175 (Quirk-Silva, Chapter 361, Statutes of 2023), extended the original SB 684 allowance of existing advertising signs (billboards) in RDAs to January 1, 2026. Last year, several measures were introduced in attempt to further extend the sunset. Ultimately, SB 783 (Rubio) passed out of the Legislature with the Governor vetoing the bill. SB 783 would have extended the exemption sunset to January 1, 2029.

The provisions specified in this bill propose to exempt currently erected advertising displays in RDAs from OAA requirements / prohibitions. Furthermore, this bill does not contain a sunset provision which has been included in previous proposals. Additionally, this bill contains a provision which will allow for owners of existing outdoor advertising displays in former RDAs to reapply for an outdoor advertising permit with Caltrans with the permit requirements remaining similar to a new outdoor advertising display permit application.

- 5) *HBA*. Approximately every four years the Federal Highway Administration (FHWA) audits Caltrans to ensure that it is fulfilling its duties as administrator of the federal laws and regulations regarding billboards. In its latest report¹ the FHWA was critical of many California advertising displays, specifically calling out displays erected pursuant to the redevelopment agency display exemption as out of compliance. Ultimately, under HBA, a portion of federal highway funds (up to 10 percent) could be jeopardized through non-compliance of HBA with FHWA potentially “clawing back” a portion of the state’s federal highway funds.

Presently, according to Caltrans, approximately 47 signs (billboards) remain in operation under the previous extensions and possess no data on the revenue

¹ U.S. Department of Transportation, Federal Highway Administration – Outdoor Advertising Review, Final Report; June 16, 2022.

generated by these signs. In an era where the existing federal administration is actively seeking areas to reduce expenditures / funding, it may be prudent for stakeholders to engage amongst each other and with the Legislature to identify a remedy that will ultimately bring the state into full compliance with federal requirements.

RELATED/PREVIOUS LEGISLATION:

SB 783 (Rubio, 2025) – Would have extended the date at which advertising displays located in former redevelopment areas may continue to operate until January 1, 2029. *This bill was vetoed by the Governor.*

AB 840 (Ta, 2025) – Would have extended for two years the date at which advertising displays located in former redevelopment areas may continue to operate until January 1, 2028. *This bill was not heard in the Assembly Government Organization Committee.*

AB 1175 (Quirk-Silva, Chapter 361, Statutes of 2023) – Extended the date at which advertising displays located in former redevelopment areas may continue to operate until January 1, 2026.

SB 684 (Hill, Chapter 544, Statutes of 2013) – Provided that an advertising display advertising businesses and activities within the boundary limits of, and as a part of, an individual redevelopment agency project, as the project boundaries existed on December 29, 2011, may remain and be considered an on-premises display, until January 1, 2023, if the advertising display meets specified criteria. Made other additional modifications, as specified.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, April 8, 2026.)

SUPPORT:

Hawaiian Gardens Casino (Sponsor)
In-N-Out Burger (Sponsor)

OPPOSITION:

California State Outdoor Advertising Association

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