SENATE THIRD READING
SB 1228 (Rubio)
As Amended June 30, 2026
Majority vote

SUMMARY

This bill provides a process for an advertising display located within the boundaries of a former redevelopment agency (RDA) project to obtain a new permit and remain in place, as specified.

Major Provisions

1) Exempts certain advertising displays in place as of December 31, 2025, within the boundaries of a former RDA project from certain provisions of the Outdoor Advertising Act (OAA), requires exempt displays to remain in the same location, prohibits them from being expanded, increased in height or display area, or modified to add additional display panels, beyond what existed on December 31, 2025.

2) Provides an advertising display as described above shall be deemed a placement requiring a new permit from the Department of Transportation (Caltrans), as specified.

COMMENTS

Background.

Since 1933, Caltrans has enforced the State Outdoor Advertising Act (California Business and Professions Code Section 5200 et seq.), which establishes comprehensive standards and regulations for outdoor advertising displays, commonly known as billboards. The department regulates the placement of such displays that are visible from California highways. Specifically, it focuses on off-premises advertising displays that promote businesses, services, or goods at locations other than where the display is situated.

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 the Federal Highway Beautification Act 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.

Current law authorizes the governing body of any city, county, or city and county to enact ordinances, including, but not limited to, land use or zoning ordinances, imposing restrictions on advertising displays adjacent to any street, road, or highway equal to or greater than those imposed by the OAA. Prohibits a city, county, or city and county from allowing an advertising display to be placed or maintained in violation of the OAA. (Bussiness. and Professions. Code Section 5230.)

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.

Caltrans Permits after the Elimination of Redevelopment Agencies. As previously mentioned, Caltrans enforces the OAA, which includes responsibilities such as maintaining a list of landscaped freeways, issuing permits for statutorily authorized signs, and notifying owners of non-compliant signage.

Before the elimination of RDAs under ABX1 26 (Blumenfield), Statutes of 2011, and ABX1 27 (Blumenfield), Statutes of 2011, the OAA allowed advertising displays (billboards) located within the boundaries of a redevelopment project area to be treated as on-premises signs anywhere within the project boundaries. This applied if the project area was contiguous or separated only by a public highway or by public facilities developed or relocated for inclusion in the project. The authorization could extend for up to 10 years or until the project was completed, whichever came first. RDA project areas were established to support urban renewal and economic development. When the State dissolved redevelopment agencies, it created uncertainty about how existing signs would be handled by Caltrans, because there was no longer an RDA to negotiate extensions or compliance terms. At the time of dissolution, Caltrans had issued approximately 95 permits for advertising displays along landscaped freeways within redevelopment project areas statewide.

On April 11, 2013, Caltrans issued a "Notice of Redevelopment Display Status Change." The notice indicated that successor agency permission will allow continued operation of the previously approved display, but that no new exemptions or extensions will be given absent legislative action. In essence, with the elimination of redevelopment agencies, Caltrans had been unsure how to proceed. Caltrans had not issued any fines to sign owners with expired permits. Instead, Caltrans indicated that it was waiting for further direction from the Legislature regarding the state's position on these specific sign permits.

SB 684 (Hill), Chapter 544, Statutes of 2013, allowed the continuation of this on-premises RDA exemption 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. Supporters of SB 684 asserted that the RDA exemption to the OAA allowed businesses in less desirable areas to market their products and services to freeway users who might not have done so otherwise due to the area's reputation for blight.

In 2023, AB 1175 (Quirk-Silva, Statutes of 2023) extended the provisions originally established under SB 684 (2013), allowing existing advertising displays (billboards) located within former redevelopment agency (RDA) project areas to remain in place through January 1, 2026. These advertising displays remained subject to the ongoing oversight of Caltrans and the city or county in which they are located. In addition, the advertising displays could not result in a reduction of federal-aid highway funds allocated to the State of California.

Last year, several measures were introduced in an effort to further extend the sunset date. Ultimately, SB 783 (Rubio) passed the Legislature but was vetoed by the Governor. The bill would have extended the exemption sunset to January 1, 2029.

The provisions of this bill would exempt currently erected advertising displays located within former RDAs from certain OAA requirements and prohibitions. Unlike previous proposals, this bill does not include a sunset provision. In addition, the bill would allow owners of existing outdoor advertising displays in former RDAs to reapply for an outdoor advertising permit from Caltrans. The permit application requirements would remain substantially similar to those applicable to a new outdoor advertising display permit application.

Currently, 47 advertising displays permitted under SB 684 (2013) are located along landscaped freeways within these former redevelopment project areas across the state. Of these, 12 are in full compliance with both state and federal regulations.

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. FHWA recommended Caltrans pursue compliance with federal law and, in some cases, pursue the removal of signs to not jeopardize losing federal highway funding.

Landscaped freeways. Prohibits any advertising display from being placed or maintained on property adjacent to a section of a freeway that has been landscaped if the advertising display is designed to be viewed primarily by persons traveling on the main-traveled way of the landscaped freeway. (Bussiness and Professions Code Section 5440.)

Bonus segment. Bonus segment is any portion of an interstate freeway which is constructed upon any part of right-of-way, the entire width of which was acquired for right-of-way subsequent to July 1, 1956, except those segments of the interstate system that traverse commercial or industrial zones within the boundaries of incorporated municipalities, as such boundaries existed on September 21, 1959, or other areas where the land use, as of September 21, 1959, was clearly established by state law as industrial or commercial.

According to the Author
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."

Arguments in Support
The California Association for Local Economic Development writes, "this measure aims to assist local agencies with outdoor advertising displays that were negatively impacted by the elimination of local redevelopment agencies (RDAs). Prior to the elimination of redevelopment, these agencies qualified for an exemption under the OAA for outdoor advertising displays providing local revenue and attracting economic activity to the redevelopment project area. Since the elimination of redevelopment, many of these displays have been authorized by temporary statutes to continue in place. SB 1228 would allow a number of these former RDA outdoor advertising displays to continue to benefit their communities via a permit process through Caltrans."

Arguments in Opposition
This bill is opposed by Scenic America and the California State Outdoor Advertising Association, the latter of which argues "many of the remaining RDA signs can also [be] brought into compliance, but chose not to do so and continually seek extensions to an RDA system that was stopped in 2011. Converting these RDA signs to comply with Federal and State law is not hard."

FISCAL COMMENTS

According to the Assembly Committee on Appropriations analysis, "Minor and absorbable costs to Caltrans to monitor a display's compliance with OAA exemption rules, respond to federal oversight and enforcement inquiries, and process new permit requests. Although Caltrans had previously cautioned that bills on this topic may put federal funding at risk, Caltrans notes that unlike previous bills on this topic, the OAA exemption created by this bill relates to a state compliance issue for which there is no federal counterpart."

VOTES

SENATE FLOOR: 38-0-2
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Niello, Padilla

ASM GOVERNMENTAL ORGANIZATION: 20-0-2
YES: Blanca Rubio, Davies, Alvarez, Bryan, Carrillo, Chen, Dixon, Fong, Gabriel, Gipson, Macedo, Nguyen, Pacheco, Ramos, Michelle Rodriguez, Solache, Soria, Ta, Valencia, Wallis
ABS, ABST OR NV: Berman, McKinnor

ASM APPROPRIATIONS: 15-0-0
YES: Wicks, Hoover, Arambula, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

UPDATED

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