

Date of Hearing: July 9, 2025

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Blanca Rubio, Chair

SB 364 (Strickland) – As Amended June 30, 2025

SENATE VOTE: 38-0

SUBJECT: Outdoor advertising displays: customary maintenance: permits: new alignments

SUMMARY: This bill would make changes to the Department of Transportation's (Caltrans) review process when considering a permit application for a new advertising display (billboards) along a freeway or highway, as specified. Additionally, would authorize, as part of "customary maintenance", an activity performed for the purpose of maintaining an advertising display with its existing advertising copy area dimensions, including, but not limited to, replacing structural members and using stronger materials, as specified. Specifically, **this bill:**

- 1) Prohibits Caltrans from denying or delaying the approval of an application for an outdoor advertising display along a portion of a new alignment of an Interstate or primary highway if the alignment project has not been accepted as complete, however that segment is open to the public and vehicular travel.
- 2) Defines "Customary maintenance" to mean an activity performed on a display for the purpose of maintaining the display with its existing advertising copy area dimensions, including, but not limited to, replacing structural members, such as posts and internal bracing, and using stronger materials, while keeping or reducing the number of posts.

EXISTING LAW:

- 1) Provides, under the Outdoor Advertising Act (OAA), for the regulation by Caltrans of an advertising display, as defined, within view of public highways. The OAA regulates the placement of an off-premises advertising display along highways that generally advertises business conducted, or services rendered, or goods produced or sold at a location other than the property where the display is located. (California Business and Professions Code §§ 5200 et seq.)
- 2) Provides that the OAA does not apply to an on-premises advertising display.
- 3) Provides that "on-premises advertising displays" means any structure, housing, sign, device, figure, statuary, painting, display, message placard, or other contrivance, or any part thereof, that has been designed, constructed, created, intended, or engineered to have a useful life of 15 years or more, and intended or used to advertise, or to provide data or information in the nature of advertising, for any of the following purposes:
 - a) To designate, identify, or indicate the name or business of the owner or occupant of the premises upon which the advertising display is located.
 - b) To advertise the business conducted, services available or rendered, or the goods produced, sold, or available for sale, upon the property where the advertising display has been lawfully erected.

- 4) 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.
- 5) At the regulatory level, requires Caltrans to evaluate/review outdoor advertising display permitting applications utilizing specified criteria, including, but not limited to, not accepting and/or approving an application for a new display along a new alignment on an Interstate or primary highway until Caltrans officially accepts the alignment project as complete, as specified.
- 6) Provides the governing body of any city, county, or city and county may 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 this chapter, as specified. No city, county, or city and county may allow an advertising display to be placed or maintained in violation of the OAA. (Bus. & Prof. Code § 5230)
- 7) States that it is a policy of this state to encourage local entities and display owners to enter into relocation agreements that allow local entities to continue development in a planned manner without expenditure of public funds while allowing continued maintenance of private investment and a medium of public communication.
- 8) Defines "relocation" for these purposes to include removal of an advertising display and construction of a new display to substitute for the display removed.

FISCAL EFFECT: This bill is keyed fiscal by Legislative Counsel.

COMMENTS:

Purpose of the bill. According to the author, "Building and renovating freeways takes a long time and is completed in sections, Current law does not require the Department of Transportation to process applications for new advertising displays until the department has accepted the total highway project as complete even when the segment of freeway where the display will be visible is fully functional and open for vehicular traffic. SB 364 simply removes this barrier by allowing outdoor displays to be erected along new freeways as soon as a segment is open for vehicular traffic."

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.

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.

Caltrans project acceptance. The “acceptance” of a highway project is the final step in the project delivery process where Caltrans confirms the construction project has been “completed” in accordance with the agreed contract specifications, approved plans, and applicable regulations. Ultimately, this is the formal step that marks the transition from active construction to full operational use. Several components of the project acceptance process include, but are not limited to, final inspection by Caltrans engineers, “punch list” completion, and the contractor submitting the final documentation for the project. In certain instances, Caltrans may relieve the contractor of the responsibility for maintaining and protecting completed portions of a highway project. This action, otherwise known as “maintenance and protection relief,” may occur when Caltrans determines that the work on a specific segment meets contract specifications and is ready for operational use. It’s important to note, that while this action is available, the Caltrans Construction Manual stresses that this action should only be considered when very specific criteria is met.

The author of this bill references several highway projects to highlight the need for this measure. In these cases, although the highways have been opened to vehicular traffic, they have not been officially accepted by Caltrans. As a result, Caltrans is denying permit applications for outdoor advertising displays along these segments. For example, the Interstate 405 (I-405) project in Orange County, while the major highway project has been open to vehicular travel for over a year, an outdoor advertising application for a display in Fountain Valley has been denied due to the I-405 project not being “accepted.” While the project segment of I-405 opened to motorists in October of 2023, Caltrans has indicated to the permit applicant that this I-405 project segment is not scheduled to be accepted until sometime in 2027. In turn, no outdoor advertising application will be reviewed by Caltrans for this project segment until then.

This measure attempts to remedy this administrative issue by directing Caltrans to review submitted outdoor advertising applications along highway project segments if those segments have been opened to vehicular travel.

Customary maintenance. Outdoor advertising display owners must maintain permitted displays in an operable and safe condition. The California Code of Regulations provides that “customary maintenance” refers to any action taken on a permitted display to actively preserve the display, in the display’s approved physical configuration and size, for the duration of the display’s normal life. Examples of allowable maintenance activities include changing the advertising message and adding a light box to the display. The regulations also prohibit certain activities under “customary maintenance” and instead classify the activities as the placement of a new display,

which requires a new permit. Examples of prohibited activities include relocating all or part of the display, changing the direction of a display's face, and increasing the dimensions of a display.

In December 2024, Caltrans disseminated a bulletin to industry stakeholders regarding various OAA laws and regulations, including an overview of what constitutes "customary maintenance." The bulletin stated that activities such as "upgrading materials" and "adding bracing or additional supports that are not part of the originally approved configuration" are not classified as "customary maintenance." Since neither of these activities are explicitly prohibited under OAA regulations, the bulletin created confusion within the display industry.

This measure defines "customary maintenance" in statute to generally include activities not classified as customary maintenance under the December 2024 Caltrans guidance. Specifically, customary maintenance activity includes, but is not limited to, replacing structural posts and internal bracing, and using stronger materials while keeping or reducing the number of posts.

Policy consideration/amendment. To achieve the intent of the bill while enhancing interpretative clarity, Section 2 of the measure (Bus. & Prof. Code § 5367) should be amended as follows: "The department shall not deny or delay the ~~approval~~ *acceptance* of a permit application for a new advertising display along a portion of a new alignment of an interstate or primary highway on the basis that the highway project has not been accepted by the department as complete if the ~~portion~~ *section* of highway is open to the use of the public for vehicular travel within 1000 feet of the location specified in the permit application."

Related legislation. AB 770 (Mark González) of 2025. This bill would create an exemption from the OAA for advertising displays erected on the premise of a convention center within the City of Los Angeles, as specified. (Senate Committee on Judiciary)

SB 783 (S. Rubio) of 2025. This bill would allow an off-premises 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 continue to exist and be considered an on-premises display if it meets certain criteria, and authorizes such a display to remain until January 1, 2028. (Assembly Committee on Governmental Organization)

Prior legislation. SB 1488 (Durazo), Chapter 897, Statutes of 2024. Reduced the minimum duration (one year to 120 days) of a sponsorship marketing plan for outdoor advertising displays at stadiums and arenas, and require Caltrans to include among its priorities support for the placement of advertising displays at arenas when renegotiating an agreement with the FHWA, as specified.

AB 476 (Villapudua), Chapter 526, Statutes of 2023. Authorized the County of San Joaquin to construct, on public property owned by the County, digital displays that promote public health and safety.

AB 1175 (Quirk-Silva), Chapter 361 of 2023. Extended until January 1, 2026, the period of time during which an advertising display that was in operation as of December 31, 2022 and located within the boundaries of a former redevelopment agency (RDA) project may continue to be remain, under provisions that permit such signs to be treated as an on-premises display, as specified. Under current law the advertising display could remain only until January 1, 2023.

AB 1415 (Santiago), Chapter 689 of 2023. Exempted from the OAA displays erected in specified areas of Los Angeles pursuant to specified conditions, including preapproval by Caltrans.

AB 1673 (Pacheco), Chapter 590, Statutes of 2023. Clarified the definition of the terms "relocation," "relocated display," and all related variants of the terms. It also explicitly allows the conversion of an advertising display to a message center (e.g. an advertising display which allows changeable ads rather than a static display).

SB 1309 (Durazo) of 2022. This bill would have extended the authorization date for advertising displays for designated professional sports arenas with a capacity of 15,000 or more seats to January 1, 2028. The exemption would be limited to arenas constructed or under construction before January 1, 2023, and would require that the display be in accordance with a local ordinance or other discretionary approval, as specified. (Vetoed by Governor Newsom)

AB 3168 (Rubio), Chapter 926 of 2018. Revised the OAA to facilitate the relocation and conversion of advertising displays adjacent to freeways. Specifically, the bill narrowed the definition of landscaped freeway and allow displays to be relocated, increased in height, or converted to a message center, if there is not a net increase in the number of displays statewide or a reduction of federal highway funds.

AB 700 (Jones-Sawyer), Chapter 337 of 2017. Extended the deadline by an additional two years (January 1, 2019 to January 1, 2021) for a sports arena advertising display to be authorized by local ordinance in order to qualify for an OAA exemption.

SB 1199 (Hall), Chapter 869 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, and therefore exempt from the OAA. This authorization is valid as long as it does not cause a reduction of federal transportation funds.

AB 1373 (Santiago), Chapter 853 of 2016. Provided an exemption from regulations of the OAA for signs allowed by a City of Los Angeles ordinance in relation to the number and location of billboards in an area bounded by West 8th Street on the northeast, South Figueroa Street on the southeast, Interstate 10 on the southwest, and State Route 110 on the northwest, and a small, adjacent parcel if certain conditions are satisfied.

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. This bill would authorize, 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.

SB 694 (Correa), Chapter 545, Statutes of 2013. Exempted, from the OAA, advertising displays at a publicly owned multi-modal transit facility (MTF) that is to serve as a station for the high-speed train system, as specified, and requires revenues from the advertising display to be used to support the construction, operation, and maintenance of the MTF.

SB 31 (Padilla), Chapter 542 of 2013. Established the current authorization that allows arenas to display advertising for products, goods, or services sold on premises as well as part of a sponsorship marketing plan if the arena is on public land and has a capacity of 15,000 or more seats. The bill established the 2019 deadline for these arenas to qualify for the OAA exemption by obtaining local authorization.

AB 2756 (Blumenfield), Chapter 615, Statutes of 2010. Defined "mobile billboard advertising display" and allows a local authority to regulate these displays.

SB 2339 (Solorio), Chapter 493 of 2008. Exempted from the OAA displays advertising any products, goods, or services sold by persons on the premise of a publicly-owned sports arena located on public land if the arena had a capacity of 5,000 seats and had an advertising display in existence before January 1, 2009.

AB 762 (Núñez), Chapter 725, Statutes of 2003. Created an exemption to the OAA by allowing the National Latino Arts Council to place an advertisement on the roof of a not-for-profit educational academy.

SB 190 (Perata), Chapter 54, Statutes of 2001. Exempted from the OAA the prohibition against placing advertising displays adjacent to landscaped freeways, up to five advertising structures or signs (billboards) used to support the Oakland-Alameda County Coliseum Complex.

REGISTERED SUPPORT / OPPOSITION:

Support

Association of California Cities - Orange County (ACC-OC)
California State Outdoor Advertising Association
City of Fountain Valley
City of Tustin
League of California Cities
Orange County Council of Governments
Orange County Transportation Authority

Opposition

None on file

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