

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 364 (Strickland) – As Amended July 15, 2025

Policy Committee: Governmental Organization

Vote: 22 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill modifies the Department of Transportation's (Caltrans') review process when considering a permit application for a new advertising display and defines "customary maintenance" of an advertising display.

Specifically, this bill:

- 1) Prohibits Caltrans from denying or delaying the approval of a permit application for a new advertising display along a new portion of a highway on the basis that the highway project has not been accepted by Caltrans as complete if the portion of the highway is already open for public use.
- 2) Defines "customary maintenance" of an advertising display under the Outdoor Advertising Act (OAA) to mean an activity performed for the purpose of maintaining the display within the display's existing advertising copy area dimensions. 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.

FISCAL EFFECT:

- 1) Cost pressures of an unknown amount, potentially in the millions of dollars, to Caltrans for approving advertising displays along a highway project that is not fully complete (State Highway Account). Caltrans notes that such a display may need to be moved due to an unforeseen circumstance prior to project completion, such as the miscalculation of right-of-way property lines to which the display borders. In such a circumstance, the display may be subject to a condemnation action once the highway project is fully accepted, requiring Caltrans to provide compensation to a display owner. Due to various factors, such as location, market value, traffic volume, the cost of replacing or moving a display, and the total number of displays that may be impacted within a given year, compensation for one display may range from the hundreds of thousands of dollars to the millions of dollars.
- 2) One-time costs of approximately \$100,000 to \$150,000 to Caltrans to update regulations to align with this bill's definition of customary maintenance (State Highway Account).

Since this provision allows a display owner to upgrade display structures without seeking a new permit, Caltrans anticipates some reduction in permit revenue. However, any reduced

revenue would coincide with a decrease in related workload, as there would be fewer permit applications to review.

Additionally, Caltrans notes that this provision may put federal funding at risk. Although federal regulations allow each state to define customary maintenance, the regulations stipulate that a sign must remain substantially the same as it was on the date that the sign was constructed. If this bill's definition is determined to be contrary to federal regulations, the state may be subject to a sanction that would reduce federal highway funding allocations by 10%, or approximately \$580 million.

COMMENTS:

1) **Purpose.** According to the author:

Building and renovating freeways takes a long time and is completed in sections. Current law does not require [Caltrans] to process applications for new advertising displays under the department has accepted the total highway project as complete even when the segment of the 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.

2) **Background.**

OAA. A combination of federal and state law govern the placement and operation of all outdoor advertising in California. Caltrans is the administrator of the federal Outdoor Advertising Control program, which imposes similar restrictions as the state OAA on the size, illumination, orientation, and location of advertising displays adjacent to and within specified distances of interstate or primary highways. If the state fails to properly administer the federal program, the state is subject to a sanction reducing federal highway funding allocations by 10%.

Caltrans Project Acceptance. The “acceptance” of a highway project is the final step of a project’s timeline when Caltrans confirms the project has been “completed” in accordance with agreed upon contract specifications, approved plans, and applicable regulations. Thus, “acceptance” is the formal step that marks the transition from a project’s active construction to full operational use. This bill prohibits Caltrans from denying or delaying the permit for an advertising display along a new portion of a highway for a project that has not been “accepted” by Caltrans as “complete” if the portion of the highway is already open to the public. As an example, the author references a portion of Interstate 405 in Orange County that has been open to cars since October 2023, for which Caltrans denied an advertising display application because the project is not scheduled to be accepted until 2027.

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.” This bill defines “customary maintenance” in statute to generally include activities not classified as customary maintenance under the December 2024 Caltrans guidance.

- 3) **Support and Opposition.** This bill is supported by local government entities from the Orange County region and the California State Outdoor Advertising Association, which argues, “this bill modernizes an outdated administrative practice without compromising safety or land use standards.”

This bill is opposed by the League of California Cities, unless amended to remove the customary maintenance provisions, arguing that the provisions are “in direct conflict with California case law, local government’s authority and would expose local governments to unnecessary litigation.”

- 4) **Related Legislation.** AB 770 (Mark Gonzalez), when heard by this committee, would have defined “customary maintenance” identical to this bill. AB 770 has since been amended to address an unrelated issue regarding advertising displays.
- 5) **Prior Legislation.** AB 1673 (Pacheco), Chapter 590, Statutes of 2023, modified the definition of “relocation,” “relocated display,” and related terms under the OAA and explicitly authorized the conversion of a static advertising display to a changeable message center display.

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