

---

UNFINISHED BUSINESS

---

Bill No: SB 364  
Author: Strickland (R), et al.  
Amended: 9/2/25 in Assembly  
Vote: 21

---

SENATE TRANSPORTATION COMMITTEE: 15-0, 4/28/25  
AYES: Cortese, Strickland, Archuleta, Arreguín, Blakespear, Cervantes, Dahle,  
Gonzalez, Grayson, Limón, Menjivar, Richardson, Seyarto, Umberg, Valladares

SENATE APPROPRIATIONS COMMITTEE: 6-0, 5/23/25  
AYES: Caballero, Seyarto, Cabaldon, Grayson, Richardson, Wahab  
NO VOTE RECORDED: Dahle

SENATE FLOOR: 38-0, 5/29/25  
AYES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear,  
Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez,  
Grayson, Grove, Hurtado, Jones, Laird, McGuire, McNerney, Menjivar, Niello,  
Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas,  
Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener  
NO VOTE RECORDED: Limón, Reyes

ASSEMBLY FLOOR: 57-2, 9/11/25 – Roll call not available.

---

**SUBJECT:** Outdoor advertising displays: permits: new alignments

**SOURCE:** Author

---

**DIGEST:** This bill makes changes to the Department of Transportation's (Caltrans) review process when considering a permit application for a new outdoor advertising display (billboards) along a freeway or highway, as specified.

*Assembly Amendments* of 9/2/25 make several technical and clarifying changes.

**ANALYSIS:**

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.
- 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.

This bill prohibits Caltrans from denying or delaying the acceptance of an application for an outdoor advertising display along a section of a new alignment of an Interstate or primary highway if the alignment project has not been accepted

as complete, however that section is open to the public for vehicular travel within 1,000 feet of the location specified in the permit application.

## Comments

- 1) *Purpose of this 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.”
- 2) *Federal Highway Beautification Act of 1965.* 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. HBA, whose passage has been attributed to the efforts of Lady Bird Johnson, 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. In 1968 Caltrans entered into a contractual agreement with the Federal Highway Administration to implement and enforce the federal OAC program. Many of the OAA provisions are similar to those contained in federal law, originally established in 1965 through the HBA. The penalty for failure to enforce HBA provisions is severe: 10% of federal highway funds with the potential to apply the penalty retroactively.
- 3) *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.

- 4) *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 points to several highway projects that are in or near their district as examples as to why this measure is needed: where the highway project has been opened for vehicular travel however not officially accepted by Caltrans and is, therefore, denying permit applications for outdoor advertising displays along these project 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 motorist 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.

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

According to the Assembly Appropriations Committee:

- 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.

**SUPPORT:** (Verified 9/11/25)

Association of California Cities - Orange County  
California State Outdoor Advertising Association  
City of Fountain Valley  
City of Tustin  
League of California Cities  
Orange County Transportation Authority

**OPPOSITION:** (Verified 9/11/25)

None received

Prepared by: Manny Leon / TRANS. / (916) 651-4121  
9/11/25 11:57:39

\*\*\*\* END \*\*\*\*