

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 783 (Rubio) – As Amended July 15, 2025

Policy Committee: Governmental Organization

Vote: 22 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill allows certain off-premises advertising displays within a redevelopment agency (RDA) project to continue to be considered an on-premises display for an additional three years, until January 1, 2029.

FISCAL EFFECT:

Minor and absorbable costs to the Department of Transportation (Caltrans) to monitor a display's compliance with existing Outdoor Advertising Act (OAA) exemption rules and respond to federal oversight and enforcement inquiries in cases of noncompliance.

However, Caltrans notes that this bill may put federal funding at risk. Previous reviews by the Federal Highway Administration (FHWA) have expressed concerns with outdoor advertising displays utilizing this RDA project exemption. If this bill is determined to be contrary to federal law, the state may be subject to a sanction that would reduce federal highway funding allocations by 10%, or approximately \$580 million, and Caltrans may incur significant legal costs to respond to federal notices, coordinate with local jurisdictions and display operators, and enforce applicable penalties (State Highway Account).

COMMENTS:

1) **Purpose.** 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 [RDAs]...As local governments prepare for 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) **Background. OAA.** An existing 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%.

On-premises Display. The OAA generally does not apply to an “on-premises” advertising display, which includes displays advertising the sale of the property upon which the display is placed or the business conducted, services rendered, or goods sold on the property. Instead, local governments generally regulate on-premises displays. Prior to the elimination of RDAs, the OAA allowed a display located within the boundaries of an RDA project to be considered an on-premises sign for a period of 10 years or the completion of the project, whichever occurred first.

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. AB 1175 (Quirk-Silva), Chapter 361, Statutes of 2023, extended the exemption until January 1, 2026. This bill extends the exemption an additional three years.

Federal Audit. The July 16, 2022, audit of Caltrans by the 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.

- 3) **Support and Opposition.** This bill is supported by local government entities and businesses with displays within an RDA project, with In-N-Out Burger arguing:

[This bill] does not authorize any new signage, but instead seeks to retain the investment-backed expectations of public entities and private businesses that either own or operate existing signs in former [RDAs]. When the Glendora Marketplace was originally constructed in 2003, many of the businesses gave up their right to signage within the area on the expectation that the Glendora Marketplace Pylon Sign would remain. Accordingly, an extension of the previous deadline will avoid harmful and unnecessary disruption to these businesses while a permanent solution is negotiated.

This bill is opposed by the California State Outdoor Advertising Association, which argues:

The [OAA] establishes clear regulations for off-premises advertising displays to ensure safety, aesthetic preservation, and community standards. Extending the lifespan of [RDA] displays allows them to bypass these regulations, granting them an unfair competitive advantage over compliant operators.