

SENATE THIRD READING

SB 783 (Rubio)

As Amended July 15, 2025

Majority vote

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.

Major Provisions

1) Extends by three years, until January 1, 2029, the authorization to remain for an off-premises advertising display developed as part of and within the boundary limits of a former RDA project, 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.

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. Existing law includes a number of exceptions to the OAA and assigns department 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 (ABX1 26 (Blumenfield) Chapter 5, Statutes of 2011 and ABX1 27 (Blumenfield), Chapter 6, Statutes of 2011 the OAA allowed for advertising signs (billboards)

that are located within the boundaries of a redevelopment project area to be considered on-premises sign anywhere within the limits of the project if the project area is contiguous or is separated only by a public highway or public facilities developed or relocated for inclusion in the project and for a period not to exceed 10 years or the completion of the project, whichever occurs first. The dissolution of redevelopment agencies raised questions about how existing signs would be treated by Caltrans because there was no longer a redevelopment agency to negotiate an extension with Caltrans. At the time, Caltrans had issued approximately 95 permits for advertising displays along landscaped freeways in redevelopment project areas throughout the state.

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, Chapter 361, of 2023) extended the provisions originally established under Senate Bill 684 (2013), allowing existing advertising displays (billboards) within former redevelopment agency (RDA) project areas to remain in place through January 1, 2026. This new measure proposes to further extend the sunset date by four years, until January 1, 2030.

Currently, 47 advertising displays permitted under SB 684 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. The FHWA recommended Caltrans pursue compliance with federal law and, in some cases, pursue the removal of signs to not jeopardize losing federal highway funding.

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. Existing law allows Caltrans to permit advertising displays as on-premises displays within redevelopment project areas until January 1, 2026. This measure would extend the continued operations of those advertising displays for an additional four years until January 1, 2030. 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."

Arguments in Support

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.

Arguments in Opposition

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.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations analysis, "Minor and absorbable costs to Caltrans to monitor a display's compliance with existing 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 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)."

VOTES

SENATE FLOOR: 39-0-1

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, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Reyes

ASM GOVERNMENTAL ORGANIZATION: 22-0-0

YES: Blanca Rubio, Davies, Alvarez, Berman, Bryan, Carrillo, Dixon, Fong, Gabriel, Gipson, Macedo, McKinnor, Nguyen, Pacheco, Ramos, Michelle Rodriguez, Sanchez, Solache, Soria, Ta, Valencia, Wallis

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Sanchez, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache, Ta, Tangipa

UPDATED

VERSION: July 15, 2025

CONSULTANT: Eric Johnson / G.O. / (916) 319-2531

FN: 0001373