

directing grants, the council shall notify the offices of the legislators in whose district the recipient resides. (GC §§ 8751 and 8753).

- 4) Prohibits the CAC from making any grants or fund any program which has not been established pursuant to the powers granted to it by the Government Code. (GC § 8753.5).

This bill:

- 1) Establishes the California Music Festival Preservation Grant Program under the direct authority of the Director of GO-Biz. Requires GO-Biz to administer grants to eligible independent live music events promoters in order to support their continued ability to provide equitable access to the arts for all Californians, and to preserve large-scale music festivals that generate significant cultural, tourism, and economic benefits for the state and local communities.
- 2) Specifies that an eligible independent live music events promoter is an entity that satisfies all the following:
 - a) It is privately owned.
 - b) It is a sole proprietor, limited liability company, partnership, limited partnership, or a nonprofit organization, as specified.
 - c) It, as a principal business activity, organizes, promotes, produces, manages, or hosts a multiday music festival featuring persons or groups that perform live musical entertainment at a venue in California on publicly owned lands where all of the following take place:
 - i. A front door cover charge or admission fee through ticketing is applied;
 - ii. Performers are compensated;
 - iii. The multiday music festival occurs annually in an eligible jurisdiction that has a minimum of 100 live music performances and a minimum of 100,000 admissions.
 - iv. The entity enters into a multiyear agreement with the local tourism authority or the appropriate political subdivision of the eligible jurisdiction for the provision of the multiday festival.
 - v. The entity demonstrates support for local businesses; performers and the eligible jurisdiction as follows:
 1. The event serves not fewer than three different beers made by a local brewery whose principal place of business is located within the eligible jurisdiction.

2. The event serves not fewer than two wines produced by a winery whose principal place of business is located within the eligible jurisdiction.
 3. The event includes not fewer than three performances featuring live musical entertainment by performers who are local to, or based in, the eligible jurisdiction.
 4. The entity provides meaningful promotion of the eligible jurisdiction in coordination with the local tourism authority or the appropriate political subdivision of the eligible jurisdiction if no tourism authority exists.
- 3) Defines “eligible jurisdiction” to mean a government entity or political subdivision of the state that owns or has an interest in the venue or physical location where the multiday music festival occurs.
 - 4) States that subject to appropriation by the Legislature the office allocates grants to eligible independent live music event promoters that meet the requirements specified above and allocates \$20 million in one or more rounds to eligible independent live music events promoters.

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

COMMENTS:

1. **Purpose.** The Author is the sponsor of this bill. According to the Author, “Music festivals have a profound impact on cities throughout California. Each year, they attract thousands of visitors, generate millions in economic activity, create jobs, and produce significant tax revenues that strengthen local economies. However, music festivals face growing challenges, including high production costs and long-term, unsustainable funding. This forces promoters to choose between increasing costs for consumers or canceling events altogether. Without taking action now, California risks losing these economic and cultural opportunities to other states.

“SB 865 addresses these challenges by establishing a grant program to provide support to eligible, independent, live music festivals that significantly impact local economies. Multi-day music festivals are a clear driver of opportunity and success for communities across California, and provide investment opportunities for our creative economy.”

2. **Background.**

Music Festivals. Music festivals attract thousands of visitors each year, generate millions in economic activity, create jobs, and contribute significant tax revenues that bolster local economies.

For example, in 2024, two Sacramento music festivals – Aftershock and Golden Sky – generated an estimated impact of \$44.6 million and supported over 13,000 jobs including lodging, food and beverage, transportation, facility management, audio

visual services, retail, and security. Local sales tax revenue from just these two events alone was over \$230,000, and state sales tax contributions were \$1.1 million.

The economic impact of just one music festival – Outside Lands – generated \$66.8 million in economic activity for the city of San Francisco, and \$75 million for the entire Bay Area. The festival also created the equivalent of 700 full time year-long jobs and paid over \$9.4 million in state and local taxes.

Music festivals have a profound economic impact on regions throughout California. The Legislature must take necessary steps to preserve music festivals and help them remain here in the Golden State.

Music festivals face challenges, with many events canceled both in the U.S. and internationally. Key drivers include escalating production costs, softening consumer demand, and broader shifts in social and technological habits that impact festival attendance. Rising costs of essentials including venue, security, safety, sanitation, staff, artists, advertisement, and insurance fees have also strained festival budgets. Many of these costs must be covered well in advance of the event leaving promoters largely reliant on ticket and vendor sales to recoup costs. With fewer upfront revenue streams, festivals take on significant financial risks. This forces promoters to choose between increasing costs for consumers or canceling events altogether. Many festivals operate on thin margins, and as inflation drives up expenses, ticket prices also rise –which has deterred consumers. Festival promoters are reluctant to increase ticket costs further, wary of pricing out attendees, which has led to festival promoters canceling events.

Given the significant boon for local economies music festivals can bring, states and local governments have explored ways to support these events. For example, Kentucky just passed legislation to provide music festivals in specified jurisdictions with a tax rebate if they run a minimum of two straight days and attract 60,000 attendees. Music festivals meeting these requirements will receive half of the Kentucky sales taxes generated by concessions and festival tickets.

GO-Biz. In February 2010, the Little Hoover Commission undertook a review of the state's economic and workforce development programs. In its final report, *Making up for Lost Ground: Creating a Governor's Office of Economic Development*, it analyzed the status and effectiveness of current programs since the 2003 demise of the Technology, Trade and Commerce Agency and recommended the creation of a new governmental entity to fill the void left by the dismantled agency.

The report called for a single entity that would promote greater economic development, foster job creation, serve as a policy advisor and deliver specific services (i.e., permitting, tax, regulatory, and other information) directly to the California business community. In April 2010, Governor Schwarzenegger issued Executive Order S-05-10 as a means to operationalize the report recommendations, including the creation of the Governor's Office of Economic Development (GOED).

In October 2011, the Governor signed AB 29 (John A. Pérez, Chapter 475, Statutes of 2011), which effectively codified GOED and changed its name to GO-Biz. Since

its inception, the office has served thousands of businesses, 95 percent of which are small businesses. The most frequent types of assistance include help with permit streamlining, starting a business, relocation and expansion of businesses, and regulatory challenges.

In March 2012, Governor Brown initiated a reorganization process to realign the state's administrative structure. Key changes include dismantling of the Business, Transportation and Housing Agency and the shifting of a number of key programs to GO-Biz including the Small Business Loan Guarantee Program, the California Travel and Tourism Commission, the California Film Commission, the Film California First Program, and the Infrastructure and Economic Development Bank (IBank). Currently, GO-Biz administers the following programs and units:

- Made In California program for the purpose of encouraging consumer product awareness and to foster the purchases of products manufactured in California.
- The California Inclusive Innovation Hub Program (iHub2) to incubate and/or accelerate technology and science-based firms, with a focus on underserved regions and communities.
- The California Competes Tax Credit Program under which “businesses who want to come to California or stay and grow in California” can receive an income tax credit.
- The California Business Investment Services Unit, which provides no-fee, tailored site selection services to employers and others who may be considering California for relocation or expansion.
- The California Business Portal, which provides information to California businesses about common questions, permitting, financial options, and more.
- The California Community Reinvestment Grants Program, which was included in Proposition 64, authorized GO-Biz to award grants to local health departments and certain nonprofit organizations to support communities disproportionately affected by the War on Drugs.
- OSBA which provides information and assistance to small businesses.
- The Zero Emission Vehicles (ZEV) Infrastructure Unit which works to accelerate the deployment of ZEV infrastructure.
- The International Affairs and Business Development Unit, which serves as California’s primary point of contact for expanding international trade and investment relations. This unit focuses on foreign direct investment (services for foreign investors, foreign investment technical assistance, and the EB-5 Investor Visa Program), international trade promotion (STEP program, trade missions, export assistance, and the California-China Trade Office), and international agreements.

OSBA. Since its inception, GO-Biz has served thousands of businesses, 95 percent of which are small businesses. The most frequent types of assistance include help with permit streamlining, starting a business, relocation and expansion of businesses, and regulatory challenges. In addition to economic development programs, GO-Biz is responsible for specialized assistance to small businesses through the OSBA. OSBA directly serves the small business community through hosting summits, forums, and interagency meetings; maintaining resources for technical assistance, financing, and state procurement; holding webinars, and other outreach methods. OSBA oversees the Capital Infusion Program, which enables the California Small Business Development Center Networks to expand their one-to-one, no-cost, confidential consulting to small business owners. From its inception in 2014 to 2016, the Capital Infusion Program resulted in roughly \$379 million in documented capital infusion and served over 20,000 small business owners across the state. In 2015, GO-Biz launched a new California Business Portal; the site includes a Business Navigator feature, which provides custom information regarding permits, licenses, and incentives that relate specifically to the user's business. OSBA also provides emergency preparedness resources on its website and is involved in facilitating disaster relief financing efforts for small businesses due to California wildfires. OSBA has also administered numerous grants programs to support small businesses and respond to specific issues impacting small businesses, including coordinating California Microbusiness (\$2,500) and Small Business (\$5,000 - \$25,000) COVID-19 Relief Grants which were used to help support California's nonprofit and cultural and arts programs recover from the impacts of the pandemic.

California Venues Program. This bill is modeled after the California Venues Program, established in the 2021 budget (SB 151, Committee on Budget and Fiscal Review, Chapter 74, Statutes of 2021) which provided grants to eligible independent live events affected by COVID-19 in order to support their continued operation. \$150 million was allocated to eligible independent live events – OSBA reported that the first round of the California Venues Grant Program distributed more than \$111.5 million in the fall of 2021 to nearly 830 eligible independent live events venues, including more than 150 women-owned businesses and 587 small businesses in low-income areas.

California Arts Council. The CAC was signed into law by then-Governor Jerry Brown under the Dixon-Zenovich-Maddy California Arts Act of 1975. The CAC began operations in January 1976 with a budget of \$700,000, seven council members, a director and two deputies. The CAC mission is to strengthen arts, culture, and creative expression as tools to cultivate a better California for all. As a state agency, the CAC supports local arts infrastructure and programming statewide through grants, programs, and services. The CAC offers a wide range of grants to arts programs to support arts education, diversity and inclusion within the arts, COVID-19 relief for arts and cultural organizations, local arts investments, and individual artists. Over the last four decades, the CAC has awarded thousands of grants with a total investment of more than \$400 million.

Examples of programs the CAC has offered over the years include:

- Artists in Schools – Support for arts organizations that partner with schools and/or school districts to facilitate artists-in-residence activities in the classroom and afterschool programs.
 - Creating Public Value – Support for arts organizations in rural or underserved areas to implement projects making a positive contribution to their communities.
 - Statewide Service Networks – Support for discipline-based arts service organizations and statewide arts networks to strengthen their constituencies and promote the public value of the arts in their communities.
 - State-Local Partnerships – Support for local arts agencies designated by county boards of supervisors to provide arts in local communities.
 - My California Story Slam – Encourages educators to explore creative writing in their high school classrooms and to draw upon the expressive skills of their students.
 - Poetry Out Loud – National recitation contest that encourages high school students to experience poetry through memorization, performance, and competition. Poetry Out Loud is an initiative of the National Endowment for the Arts (NEA).
 - California Music Project – To help restore music education in public schools, K-12.
 - Convenings – Annual statewide arts conference, professional development sessions, with the multicultural infrastructure and statewide service network organizations.
 - Poet Laureate – Overview, nomination process, eligibility and criteria for two-year gubernatorial appointment to the position of Poet Laureate and related literary tour.
 - Marketing: Public Awareness – Using social change models, marketing & advocacy to reframe the arts as a public value--essential to a healthy society, as critical as free speech.
 - Cultural District Programs – Marketing program for local cultural districts which are well-recognized, labeled areas of a city and in which a high concentration of cultural facilities and programs serve as the main anchor of attraction and business development.
3. **Arguments in Support.** According to the California Travel Association, “Unfortunately, rising costs of essentials including venue, security, safety, sanitation, staff, artists, advertisement, and insurance fees have strained festival budgets. Many of these costs must be covered well in advance of the event, leaving promoters largely reliant on ticket and vendor sales to recoup costs. With fewer

upfront revenue streams, festivals take on significant financial risks. This forces promoters to choose between increasing costs for attendees or canceling events altogether. SB 865 establishes a grant program for eligible independent live music events promoters to support their continued ability to provide equitable access to the arts for all Californians. California must keep its competitive edge as a world-class entertainment destination by showing support for its music festivals.”

The League of California Cities writes “Despite their economic importance, music festivals across the country, and in California, are increasingly vulnerable. SB 865 is a step in the right direction, establishing a state funding source for music festivals and ensuring California maintains its ability to attract such events.”

The National Independent Venue Association of California writes “Music festivals and independent live events are a vital part of California’s cultural identity and local economy. These events attract visitors from across the state and around the world, support local businesses, and generate significant economic activity and tax revenue for surrounding communities. According to NIVA’s 2025 State of Live Report, the independent live entertainment sector contributed \$86.2 billion to U.S. GDP, generated \$153.1 billion in total economic output, and supported more than 908,000 jobs nationwide in 2024. Additionally, independent live events drove \$10.62 billion in off-site tourism spending, including lodging, restaurants, shopping, and transportation. These are not simply entertainment events—they are economic engines that help sustain local economies, create jobs, support artists, and strengthen the cultural fabric of communities throughout California.”

The CA Arts Advocates write in support and note, “A successful independent music festival, when all conditions align, can be a major source of revenue for both the organizing nonprofit and the host community. This success generates significant downstream economic benefits, boosting local businesses, employment, artists, and tourism. However, as any festival promoter will attest, this is an inherently risky venture. A grant program supporting the operating costs of nonprofit and independent festivals could be crucial for preserving these important art forms that are also often incubators for emerging artists and young musicians.”

The City of Sacramento writes in support, “the City has taken steps recently to financially support iconic events production. SB 865 would provide additional support for such events and support the City’s and state’s creative economies.”

Danny Wimmer Presents, writes in support and notes, “SB 865 represents a critical and timely investment in California’s live music ecosystem. By helping offset these risks, the program will ensure that independent festivals can continue to operate, grow, and remain accessible—while preserving and expanding the economic benefits they bring to local communities.”

SUPPORT AND OPPOSITION:

Support:

California Arts Advocates

California Travel Association
City of Sacramento
Danny Wimmer Presents, LLC
League of California Cities
National Independent Venue Association of California

Opposition:

None received

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