

THIRD READING

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Bill No: SB 865  
Author: Ashby (D)  
Amended: 4/14/26  
Vote: 21

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SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 9-1, 4/20/26  
AYES: Wahab, Archuleta, Caballero, Grayson, Menjivar, Niello, Smallwood-  
Cuevas, Strickland, Umberg  
NOES: Choi  
NO VOTE RECORDED: Arreguín

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26  
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

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**SUBJECT:** California Music Festival Preservation Grant Program

**SOURCE:** Author

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**DIGEST:** This bill establishes the California Music Festival Preservation Grant Program within the Governor's Office of Business and Economic Development (GO-Biz) to provide grants to eligible independent live music events promoters, as specified.

**ANALYSIS:**

Existing law:

- 1) Authorizes GO-Biz as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth. Authorizes GO-Biz, in this capacity, to coordinate the development of policies and criteria to ensure that federal grants administered or directly expended by state government advance statewide economic goals and objectives. Authorizes GO-Biz to market the business and investment opportunities available in California by working in partnership with local, regional, federal, and other state public and private institutions to

encourage business development and investment in the state. Authorizes GO-Biz to support small businesses by providing information about accessing capital, complying with regulations, and supporting state initiatives that support small businesses. (Government Code (GC) §§ 12096 et. seq.)

- 2) Requires the Governor to appoint a Small Business Advocate who is Director of the Office of Small Business Advocate (OSBA) and outlines the duties and functions of the Small Business Advocate. (GC §§ 12098-12098.7)
- 3) Establishes the California Arts Council (CAC) tasked with various responsibilities. (GC §§ 8751 and 8753).

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 to support their 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 multi-day music festival featuring persons or groups that perform live musical entertainment at a venue in California on publicly owned lands where all the following take place:
    - i. A front door cover charge or admission fee through ticketing is applied, and performers are compensated;
    - ii. 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.

- iii. 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.
  - iv. 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.

## **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.

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 cost 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. 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 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.

*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 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% 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).

*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 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 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.

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

According to the Senate Committee on Appropriations, “This bill would result in a \$20 million cost pressure to GO-Biz to establish the Program and allocate grant funding. Of this amount, GO-Biz indicates that it would request \$1 million to contract with a third-party fiscal agent and program partner for implementation and program outreach. Additionally, GO-Biz would require \$260,000 in 2027-28 and 2028-29 to fund one limited-term position to support the Program’s implementation. The fund source is not specified in the bill, but presumably would be the General Fund.”

**SUPPORT:** (Verified 5/14/26)

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

**OPPOSITION:** (Verified 5/14/26)

None received

**ARGUMENTS IN SUPPORT:** Supporters note generally that although music festivals generate significant economic activity and contribute to local and state tax revenues, they face rising costs, which strain festival budgets leading promoters to choose between increasing attendee costs or canceling altogether.

Prepared by: Elissa Silva/Sarah Mason / B., P. & E.D. / 916-651-4104  
5/14/26 16:16:04

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