SENATE THIRD READING
SB 865 (Ashby)
As Amended August 20, 2026
Majority vote

SUMMARY

SB 865 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 in order to support their continued ability to provide equitable access to the arts for all Californians.

Major Provisions

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 in order to be eligible *for a grant of $3 million,* an independent live music events promoter must satisfy all the following requirements:

   a) The entity is privately owned.

   b) The entity is organized as a sole proprietorship, limited liability company, partnership, limited partnership, or a nonprofit organization that is exempt from federal income taxation.

   c) The entity, as a principal business activity, organizes, promotes, produces, manages, or hosts at least one festival featuring persons or groups that perform live musical entertainment at a venue in California on publicly owned lands where all of the following criteria are met:

      i) Admission to the festival performances requires a paid ticket or cover charge;

      ii) Performing artists are compensated and do not perform without compensation or solely for tips;

      iii) The festival occurs annually in a host jurisdiction;

      iv) The festival features a minimum of 40 live music acts;

      v) The festival generates a minimum of 60,000 total paid admissions over its duration;

      vi) The entity has entered into a multiyear agreement for the operation of a multiday music festival with the local tourism authority or the appropriate political subdivision of the host jurisdiction.

vii) The entity demonstrates support for local businesses, performers, and the host jurisdiction by doing all of the following:

(1) Serving no fewer than three different beers produced by a local brewery whose principal place of business is located within the eligible jurisdiction.

(2) Serving no fewer than two wines produced by a winery whose principal place of business is located within the host jurisdiction.

(3) Showcasing no fewer than three performances featuring live musical entertainment by performers who are local to, or based in, the host jurisdiction.

(4) Providing meaningful promotion of the host jurisdiction in coordination with the local tourism authority or the appropriate political subdivision of the host jurisdiction.

3) Defines "host jurisdiction" to mean a government entity or political subdivision of the state that owns or has an interest in the venue or region where the multiday music festival occurs. Region includes a physical or cultural region.

4) States that, subject to appropriation by the Legislature, Go-Biz allocates grants to eligible independent live music event promoters that meet the requirements specified above and allocates $20 million**,** *which will be administered over two grant rounds per fiscal year, with one grant round open in January and the other in July,* to eligible independent live music events promoters.

5) States that no more than 5% of the total allocation may be used by Go-Biz for administrative costs associated with this program.

COMMENTS

Background. Independently promoted festivals occupy an important middle ground in California's live entertainment ecosystem. Unlike festivals owned by multinational concert corporations such as Live Nation or AEG Presents, these events are produced by privately held companies that develop, market, and operate festivals under their own brands. California examples include Danny Wimmer Presents festivals such as Aftershock and GoldenSky in Sacramento, Another Planet Entertainment's Outside Lands in San Francisco, and The Do LaB's Lightning in a Bottle in Kern County. These promoters have grown into major national players capable of attracting hundreds of thousands of attendees while remaining independent of the largest global entertainment conglomerates.

For host communities, these festivals function as significant economic engines that extend well beyond ticket sales. Attendees generate spending on hotels, short-term rentals, restaurants, transportation, retail purchases, and local attractions. Festivals often require substantial local staffing, including security personnel, food and beverage vendors, stagehands, production crews, sanitation workers, and transportation services. In Sacramento, Aftershock and GoldenSky have become among the region's most important annual tourism events, bringing visitors from across California and the United States during periods that might otherwise experience lower tourism activity. In 2024, the two festivals combined 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 was over $230,000, and state sales tax contributions were $1.1 million. Similar impacts have been documented in San Francisco from Outside Lands and in rural regions hosting destination camping festivals, where visitor spending can provide a meaningful boost to local businesses and transient occupancy tax revenues.

The economic value to host entities extends beyond direct visitor spending. The larger independent festivals can enhance a city's brand, generate national media exposure, support repeat visitation, and strengthen relationships between local governments, destination marketing organizations, venue operators, and the entertainment industry. Because independent promoters often operate multiple festivals across the country, successful host cities can benefit from long-term partnerships that encourage recurring investment and event growth. For California, these festivals contribute to the state's broader creative economy by supporting artists, production professionals, hospitality workers, and small businesses while helping position communities as destinations for cultural tourism and live entertainment

Go-Biz. Current law charges GO-Biz with being the lead state entity for economic strategy in California to help encourage business development, private sector investment, and economic growth. This responsibility often includes administration of grant funds to advance statewide economic goals. Current law authorizes GO-Biz to support small businesses with resources to help them maintain compliance with various state laws and regulations, access capital, and take advantage of state initiatives designed for the support of small businesses.

In 2021 the Legislature enacted the California Venues Grant Program through budget trailer bill legislation, which appropriated $150 million for allocation to eligible independent live events promoters affected by COVID-19 to support their continued operation after the disruption of the pandemic. The program allocated grants to over 800 recipients within the first year of appropriation and was administered by the California Office of the Small Business Advocate.

This bill would authorize the director of GO-Biz to administer grant allocations under this program to eligible independent live music festival promoters. Notably, the bill does not prescribe a minimum or maximum individual grant amount nor does it provide authority for GO-Biz to adopt program guidelines, require supporting documentation, execute grant agreements, conduct audits or compliance reviews, or recapture funds for ineligible uses or failure to meet program requirements.

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."

Arguments in Support

According to the California Travel Association (CalTravel) in support, "From Outsidelands in San Francisco to Aftershock and Golden Sky in Sacramento and Coachella in Indio, California's home-grown music festivals attract thousands of visitors from all over the world. Attendees fill hotels, generate millions in economic activity, and contribute significant tax revenues that bolster local economies.

"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."

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

1) One-time cost pressures of $20 million (General Fund) for GO-Biz to establish the program and oversee grant allocations. The bill provides that $20 million be allocated in one or more grant rounds to eligible promoters.

2) GO-Biz notes that the bill does not expressly authorize administrative costs to be paid from the $20 million allocation. Therefore, if the full $20 million must be awarded as grants, GO-Biz reports requiring additional limited-term administrative resources to implement and oversee the program, approximately $270,000 total across fiscal years 2026-27 and 2027-28 as well as the need for a contract with a third-party fiscal agent or program partner of approximately $1 million to support implementation and program outreach.

VOTES

SENATE FLOOR: 37-1-2
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Grove, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NO: Choi
ABS, ABST OR NV: Dahle, Jones

ASM ARTS, ENTERTAINMENT, SPORTS, AND TOURISM: 9-0-0
YES: Ward, Lackey, Elhawary, Jeff Gonzalez, McKinnor, Ortega, Quirk-Silva, Valencia, Zbur

ASM APPROPRIATIONS: 15-0-0
YES: Wicks, Hoover, Arambula, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

UPDATED

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