
VETO

Bill No: SB 865
Author: Ashby (D)
Amended: 8/20/26
Vote: 21

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

SENATE FLOOR: 37-1, 5/27/26
AYES: 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
NOES: Choi
NO VOTE RECORDED: Dahle, Jones

SENATE FLOOR: 40-0, 8/26/26
AYES: 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, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ASSEMBLY FLOOR: 78-0, 8/25/26 - See last page for vote

SUBJECT: California Music Festival Preservation Grant Program

SOURCE: Author

DIGEST: This bill establishes the California Music Festival Preservation Grant Program 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.

ANALYSIS:

Existing law:

- 1) Authorizes the Governor's Office of Business and Economic Development (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, including but not limited to:
 - a) Encouraging artistic awareness, participation and expression.
 - b) Helping independent local groups develop their own art programs.
 - c) Promoting the employment of artists and those skilled in crafts in both the public and private sector.
 - d) Establishing grant application criteria and procedure.

- e) Awarding prizes or direct grants to individuals or organizations in accordance with such regulations as the council may prescribe. In awarding prizes or 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 (Program) within OSBA. Requires OSBA 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) Establishes criteria an independent live music festival promoter must satisfy in order to be eligible for grants.
- 3) States that subject to appropriation by the Legislature the office must allocate grants to eligible independent live music event promoters that meet specified criteria and allocates \$20 million in one or more rounds to eligible independent live music events promoters.
- 4) Specifies that each grant award is \$3 million and prohibits an eligible independent live music events promoter from receiving more than one grant in a fiscal year.
- 5) Outlines how OSBA must administer the Program and exempts OSBA from the APA for purposes of establishing procedures and guidelines for the Program.

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 but 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.

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 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.

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

According to the Assembly Committee on Appropriations, the bill will result in one-time cost pressures of \$20 million for GO-Biz to establish the program and oversee grant allocations. 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.

SUPPORT: (Verified 9/28/26)

California Arts Advocates

California Travel Association

City of Sacramento

County of Sacramento

Danny Wimmer Presents, LLC

League of California Cities

National Independent Venue Association of California

Visit Greater Palm Springs

Visit Sacramento

OPPOSITION: (Verified 9/28/26)

None received

ARGUMENTS IN SUPPORT: Supporters write that 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. According to supporters, despite their economic importance, music festivals across the country, and in California, are increasingly vulnerable. According to supporters, 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. Supporters note that live events 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. According to supporters, 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. Supporters note that 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.”

GOVERNOR'S VETO MESSAGE:

I am returning Senate Bill 865 without my signature.

This bill would establish a \$20 million grant program, contingent upon a future appropriation, for eligible independent live music event promoters.

I support the author's goal of improving the viability of live music festivals. However, this measure would impose significant cost pressures on the General Fund and should be considered during the annual budget process.

In partnership with the Legislature, my administration has enacted a balanced budget that recognizes the challenging fiscal landscape our state

faces while maintaining our commitment to working families and our most vulnerable communities. With significant fiscal pressures and the federal government's hostile economic policies, it is vital that we remain disciplined when considering bills with significant fiscal implications that are not included in the budget, such as this measure

For these reasons, I cannot sign this bill.

ASSEMBLY FLOOR: 78-0, 8/25/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Fariás, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: McKinnor

Prepared by: Elissa Silva / B., P. & E.D. / 916-651-4104
10/2/26 16:04:05

**** END ****