

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 770 (Mark González)
Version: June 13, 2025
Hearing Date: July 8, 2025
Fiscal: Yes
Urgency: Yes
AM

SUBJECT

Advertising displays: convention centers

DIGEST

This bill establishes an exemption from the Outdoor Advertising Act (OAA) for advertising displays erected on the premise of a convention center within the City of Los Angeles, as provided.

EXECUTIVE SUMMARY

The City of Los Angeles (City) is currently in the process of renovating the Los Angeles (LA) Convention Center. The renovation project is an estimated \$2.2 billion and will overhaul and expand the LA Convention Center's footprint to over one million square feet. It is anticipated that approval for the project by the City Council will occur this summer to complete a majority of the project in time for the 2028 Olympics and Paralympics. As part of this project, the City sought approval from the Department of Transportation (Caltrans) to establish a sign district, but were denied due to concerns that some of the proposed displays would violate federal law and the state's agreement with the federal government under the Federal-State Outdoor Advertising Control Agreement of 1968.¹ This bill seeks to establish a statutory exemption from the OAA for advertising displays erected on the premise of the LA Convention Center. The bill is sponsored by Karen Bass, Mayor of Los Angeles. The bill is opposed by the California State Outdoor Advertising Association. The bill is an urgency statute. The bill passed the Senate Transportation Committee on a vote of 11 to 2.

¹ See Comment 3, below.

PROPOSED CHANGES TO THE LAW

Existing federal law:

- a) Establishes the Highway Beautification Act to, among other things, regulate outdoor advertising along the nation's interstate highway system. (28 U.S.C. § 131).
- b) Requires states to establish effective control over outdoor advertising generally within 660 feet adjacent to highways. (28 U.S.C. § 131; 23 C.F.R. Pt 750.).
- c) Authorizes a state and the federal government to enter an agreement where the state implements the provisions of the Act, and authorizes bonus payments to be made to such states, provided that the state maintain control over outdoor advertising at the federal requirements or more strictly than the federal requirements. (28 U.S.C. § 131(d)).
 - a) California entered into such an agreement with the federal government on February 15, 1968.²
 - b) If the state fails to properly administer the federal program, the state is subject to lose 10 percent of its federal highway funding. (28 U.S.C. 131(b).)

Existing state law:

- 1) Establishes the Outdoor Advertising Act (OAA), which regulates the placement of advertising displays adjacent to, and within specified distances of, highways that are part of the national system of interstate, defense highways, and federal-aid highways. (Bus. & Prof. Code §§ 5200 et seq.)
- 2) Authorizes the governing body of any city, county, or city and county to enact ordinances, including, but not limited to, land use or zoning ordinances, imposing restrictions on advertising displays adjacent to any street, road, or highway equal to or greater than those imposed by the OAA. Prohibits a city, county, or city and county to allow an advertising display to be placed or maintained in violation of the OAA. (Bus. & Prof. Code § 5230.)
- 3) Prohibits any advertising display from being placed or maintained on property adjacent to a section of a freeway that has been landscaped if the advertising display is designed to be viewed primarily by persons traveling on the main-traveled way of the landscaped freeway. (Bus. & Prof. Code § 5440.)

² Agreement for carrying out the national policy relative to control of outdoor advertising in areas adjacent to the national system of interstate and defense highways and the federal-aid primary system between California and the Federal Government, (Feb. 15, 1968), available at <https://dot.ca.gov/-/media/dot-media/programs/traffic-operations/documents/oda/f0018137-beautification-penalty-agreement.pdf>.

- 4) Provides for limited exemptions to the prohibition on advertising along system and landscaped freeways, including exemptions for signs advertising goods or services manufactured or produced on the property itself. (Bus. & Prof. Code § 5272.)
- 5) Generally exempts on-premise advertising displays from the OAA, including signs that advertise the business conducted, services rendered, or goods produced or sold on the property. Local government regulates on premise displays, except for certain safety requirements. (Bus. & Prof. Code §§ 5490 et seq.)
- 6) Provides, by contractual agreement, for the Department of Transportation (Caltrans) to administer the federal Outdoor Advertising Control (OAC) program under the Highway Beautification Act of 1965 (HBA), which has restrictions similar to California's OAA program, including maximum sign size, sign spacing, location, illumination, and content. (Bus. & Prof. Code § 5419.)
- 7) Exempts certain advertising displays located in specified locations within the City from the OAA if certain conditions are met, including that they are authorized by an ordinance. (Bus. & Prof. Code § 5272.2(a).)
 - a) Requires, before the advertising display may be placed, that Caltrans determine that the display will not cause a reduction in federal aid funds or otherwise be inconsistent with any federal law, regulation, or agreement between the state and a federal agency or department, as provided. (Bus. & Prof. Code § 5272.2(b).)
 - b) Provides that the City has primary responsible for ensuring that advertising displays in those specified locations remain in conformance with the local advertising display ordinance and other requirements. (Bus. & Prof. Code § 5272.2(c).)
 - c) Provides that if the City does not ensure that the display remains in conformance with all provisions of the ordinance and other requirements after 30 days of receipt of a written notice from Caltrans, the City is required to hold Caltrans harmless and indemnify Caltrans for all costs incurred by Caltrans to ensure compliance with the ordinance and other requirements or to defend actions challenging the adoption of the ordinance allowing the displays. (*Ibid.*)

This bill:

- 1) Exempts outdoor advertising displays (e.g. billboards) erected on the premises of a convention center within the City of Los Angeles that is bounded by Wilshire Boulevard on the northeast, South Figueroa Street on the southeast, Interstate 10 on the southwest, and State Route 110 on the northwest, from the OAA if all of the following conditions are met:
 - a) the center has a capacity of 15,000 or more seats;
 - b) the center has a total space that exceeds 700,000 square feet;

- c) the advertising displays are either located on the premise of the convention center or in accordance with a city ordinance that includes a specific plan or sign district that regulates advertising displays, as specified;
 - d) prohibits the advertisement of certain products, goods, or services related to tobacco, firearms, or sexually explicit material; and
 - e) provides, under certain conditions, Caltrans and the California Highway Patrol the opportunity to display public service announcements.
- 2) Requires Caltrans to provide the City and advertising display owner any notice issued by the federal government, if received, that the operation of that display will result in the reduction of federal aid highway funds.
 - a) Authorizes the City and advertising display owner to negotiate with Caltrans in determining the appropriate remediation.
- 3) Requires an advertising display to remove all content within 60 days of a federal notice described in 2), above, being received by the City and display owner if an appropriate remedy is not agreed upon with Caltrans.
 - a) Failure to remove the advertising copy will result in a civil fine, imposed by Caltrans, of \$10,000 per day until the advertising copy is removed.
 - b) Caltrans will not assume any liability in connection with the cessation of operation or removal of an advertising display or advertising copy pursuant to these provisions.
- 4) Provides that the City has the primary responsibility for ensuring the advertising displays erected under these provisions are in conformance with the City's advertising ordinance. Further provides that Caltrans is not liable and will be held harmless if the City fails to ensure the advertising displays are in conformance after 30 days of Caltrans issuing the City a notice of any nonconformity issues associated with the advertising displays, as specified.
- 5) Defines "premises of a convention center" to mean:
 - a) a venue for hosting conventions, conferences, exhibitions, trade shows, meetings, indoor or outdoor sports, concerts, and other large-scale gatherings; or
 - b) any development project or district encompassing the venue, adjacent to the venue, or separated from the venue, as specified. Additionally requires the development project or district to be contiguous and may not extend more than one thousand feet beyond the convention center structure, as specified.
- 6) Directs Caltrans, when renegotiating its OAC agreement with FHWA, to include in Caltrans' priorities, support for advertising displays at convention centers, as specified.
- 7) Includes an urgency clause.

COMMENTS

1. Stated need for the bill

The author writes:

AB 770 is a critical tool to support the economic revitalization of Downtown Los Angeles. By creating a narrowly tailored exemption to the Outdoor Advertising Act, this bill allows the City of Los Angeles to establish a sign district at the Los Angeles Convention Center – unlocking a key revenue stream to help finance the Center’s long-planned expansion and modernization. This project is expected to generate more than 8,700 temporary jobs, over 2,200 permanent jobs, attract approximately 500,000 additional visitors annually, and drive over \$550 million in long-term economic activity. AB 770 ensures the City can move forward with a transformative investment that will create jobs, boost tourism, and strengthen the economic vitality of the region.

2. Background on the regulation of outdoor signs

a. Federal law

In 1965, the federal government enacted the Highway Beautification Act (Act) to control the proliferation of outdoor advertising along the nation’s interstate highway system. Under the Act, states that enter into agreements with the federal government to provide effective control over outdoor advertising in their state receive “bonus payments,” and failure to maintain “effective control” can result in a loss of highway funds. Caltrans is the administrator of the federal Outdoor Advertising Control program that the state has entered into with the federal government. The agreement includes similar restrictions as the OAA, including maximum sign size, sign spacing, location, illumination, and content. If the state fails to properly administer the federal program, the state is subject to a sanction that could reduce its federal highway funding allocations by 10 percent. The Federal Highway Administration (FHWA) periodically audits Caltrans to ensure that it is fulfilling its duties as administrator of the federal laws and regulations regarding billboards.

b. State law

The OAA regulates the size, illumination, orientation, and location of advertising displays adjacent to and within specified distances of interstate or primary highways. The placement of any advertising display on property adjacent to a section of landscaped freeway is prohibited under the OAA, with some limited exceptions. State law generally does not apply to “on premise” advertising displays, including those that advertise the sale, lease, or exchange of property upon which it is placed and those that advertise the business conducted, services rendered, or the goods produced or sold on the property. The Legislature has previously authorized exceptions under OAA for

certain areas in Los Angeles. For instance, AB 1415 (Santiago, Ch. 689, Stats. 2023) exempted from the OAA displays erected in specified areas of Los Angeles pursuant to similar conditions as this bill. (Bus. & Prof. Code § 5272.2.) However, one major difference is that AB 1415 required preapproval by Caltrans of the advertising display before it was placed to ensure that the display would not cause a reduction in federal aid funds or otherwise be inconsistent with any federal law, regulation, or agreement between the state and a federal agency or department. (*Id.* at subd. (b).) AB 1415 did not contain the civil penalty language that this bill does.

Additionally, existing law exempts certain advertisements displays from the OAA for an arena that meets specified requirements including, among others, any advertising display used exclusively either to advertise products, goods, or services sold by persons on the premises of an arena on a regular basis, or to advertise any products, goods, or services marketed or promoted on the premises of an arena pursuant to a sponsorship marketing plan with a duration of at least one year, if specified conditions are met. (Bus. & Prof. Code § 5272.2(b)-(f).) Under these provisions, if an advertising display associated with a sports arena is subject to a notice from the federal government that the display will result in the reduction of federal highway funds, the authorization for the display terminates. (*Id.* at subd. (g).) Failure to remove the advertising will result in a fine of \$10,000 per day until the advertising is removed. (*Id.* at subd. (h).) These provisions also require preapproval by Caltrans before an advertising display can be placed.

3. The Los Angeles Convention Center Expansion and Modernization Project

The author and sponsor of the bill argue this bill is needed to enable the City of Los Angeles to generate funding for the renovation of the Los Angeles (LA) Convention Center. They note that the LA Convention Center is one of the largest convention centers in the United States, and it is slated to host at least five sporting events during the 2028 Olympic and Paralympic Games. The LA Convention Center Expansion and Modernization Project includes an addition of 340,000 square feet of additional exhibit hall, meeting room, and multi-purpose space, along with upgraded public amenities, and new exterior signage. The author and sponsor state that the project will generate about 8,666 temporary and 2,231 permanent jobs, and attract approximately 500,000 more visitors. A portion of funding for the project is anticipated to come from operational revenue, including revenue from the exterior signage.

On February 3, 2025, Caltrans denied the City's request to certify a sign district at the LA Convention Center. The Senate Transportation Committee Analysis explains that:

In order to move forward with establishing a sign district to carry out these financing efforts, the City submitted a request to Caltrans to review and certify the City's advertising signage proposal. In a letter dated February 3, 2025, Caltrans responded to the City noting that while a portion of the proposed 56 new outdoor

advertising displays throughout the district meet current existing exemption provisions, “several proposed displays as shown in the Sign District Ordinance would facially violate the Highway Beautification Act (23 U.S.C § 131), its underlining regulations (23 C.F.R. Part 750) and the Federal-State Outdoor Advertising Control Agreement of 1968” and denied the City’s certification request.³

This bill is brought as a result of the denial by Caltrans to certify the City’s sign district. The provisions of the bill in this Committee’s jurisdiction relate to the civil penalty authority, the limitation on liability provisions, and the potential first amendment issues raised by the advertising restrictions on firearms.

4. First amendment and commercial speech

The First Amendment of the United States Constitution protects an individual’s freedom of speech. Under the First Amendment, any restriction on speech that is based on the content of the speech is presumptively unconstitutional and subject to strict scrutiny. (*Reed v. Town of Gilbert* (2015), 576 U.S. 155, 163.) However, when the speech involved is commercial speech, in that it solely relates to the economic interests of the speaker and its audience, it is less protected than other forms of speech. (*Central Hudson v. Public Svn. Comm’n* (1980) 447 U.S. 557, 562.) For government regulation of commercial speech to be constitutional, it must meet a four-part test first established in *Central Hudson*. First, it must be determined that the commercial speech is protected, which will be the case if it concerns lawful activity and is not misleading. Next, the government’s interest in regulating the commercial speech must be substantial. Third, the regulation must directly advance the governmental interest asserted, and finally, the regulation must not be more extensive than is necessary to serve the government’s interest. (*Central Hudson* at 566.)

There is currently a case challenging a California law that prohibits a firearm industry member from advertising, marketing, or arranging for placement of an advertising or marketing communication offering or promoting any firearm-related product in a manner that is designed, intended, or reasonably appears to be attractive to minors. (Bus. & Prof. Code § 22949.80(a).) In *Junior Magazines, Inc. et al. v. Bonta*, the plaintiffs challenged the above statute as in violation of the first amendment. (*Junior Magazines, Inc. v. Bonta* (2023) 80 F.4th 1109.) Plaintiffs sought a preliminary injunction against the enforcement of the statute, but were denied in the district court. On appeal to the 9th Circuit, the appellate court found that California could not justify its infringement on protected speech under the *Central Hudson* test stating that “simply having a substantial interest does not validate the state’s advertising prohibition” and that “a state seeking to justify a restriction on commercial speech bears the burden to prove that its law directly advances that interest to a material degree.” (*Id.* at 1117.) The court noted that the state’s “burden is at its highest where, as here, a state ‘takes aim at

³ Sen. Trans. Comm. analysis of AB 770 (2025-26) reg. sess. as amended June 13, 2025 a p. 5.

accurate commercial information,’ [...] in an express effort to regulate ‘a popular but disfavored product.’” (*Ibid.*) The case was remanded to the lower court, which granted the preliminary injunction to the enforcement of subdivision (a) of Section 22949.80 of the Business and Professions Code. (*Junior Magazines, Inc. v. Bonta* (2024 WL 3236250 (Jun. 18, 2024).) The Attorney General appealed that ruling and the case is pending at the 9th Circuit on the merits of the plaintiff’s arguments. (*Junior Magazines, Inc. et al. v. Bonta*, Case No. 24-4050, 9th Circ.)

This bill specifically provides that any advertising display located on the premise of the LA Convention Center cannot advertise products, goods, or services related to tobacco, firearms, or sexually explicit material. In light of the case pending above, it is unclear if such a prohibition as it relates to firearms would meet the Central Hudson test.⁴ A ban on sexually suggestive material seems likely to survive a challenge under the Central Hudson test. However, it should be noted that an existing statute under the OAA that bans any statements or words of an obscene, indecent or immoral character, or any picture or illustration of any human figure in such detail as to offend public morals or decency, or any other matter or thing of an obscene, indecent or immoral character was found to be unconstitutionally vague and therefore in violation of the Frist Amendment. (Bus. & Prof. Code § 5402; *People v. Turner* (1976) 55 Cal.App.3d Supp. 74.)

5. Civil penalty authority and limitation on liability provisions

Under the bill, any advertising display at the LA Convention Center that receives a notice that the display will result in reduction of federal and highway funds will no longer be authorized unless appropriate remediation of the issues can be conducted. Failure to remove any advertisement in violations results in a civil fine to be imposed by Caltrans of \$10,000 per day until the advertising copy is removed. The bill provides that Caltrans will not assume any liability in connection with the cessation of operation or removal of an advertising display. The bill further provides that the City will have primary responsibility for ensuring that the displays erected remain in conformance with all provisions of any adopted ordinance, if applicable, and the provisions of the bill. If the City fails to ensure that a display remains in conformance, after 30 days of receipt of a written notice from Caltrans, the City must hold Caltrans harmless and indemnify them for all costs incurred to ensure compliance or to defend actions challenging the adoption of the ordinance allowing the display.

6. Prior similar bill vetoed by Governor Newsom due to potential to result in a reduction of over \$400 million of federal transportation funding annually

In 2022, SB 1309 (Durazo) attempted to extend the authorization date for advertising displays for designated professional sports arenas with a capacity of 15,000 or more

⁴ Transit and billboard advertisements for tobacco have been banned since the Master Settlement Agreement was enacted.

seats to January 1, 2028. The original authorization was established in 2013 under SB 31 (Padilla, Ch. 542, Stats 2013). Governor Newsom vetoed SB 1309 stating:

While I appreciate that revenues generated by these billboards provide certain local economic benefits, this bill disregards recent correspondence from the Federal Highway Administration (FHWA), which indicates that the state's transportation funding is at risk due to federal regulations restricting the use of this kind of advertisement.

Caltrans has been officially notified that the existing arena billboards do not comply with federal law and exemptions in state law do not provide Caltrans with the ability to maintain effective control of outdoor advertising. The potential impact to California of falling out of FHWA compliance could be a reduction of over \$400 million of federal transportation funding annually.

7. Statements in support

Karen Bass, Mayor of Los Angeles, the sponsor of the bill, writes in support stating this bill:

[...] will authorize the City of Los Angeles to establish a sign district at the Los Angeles Convention Center, enabling the City to generate funding for the renovation of a leading venue. The Los Angeles Convention Center is one of the largest convention centers in the United States, and it is slated to host at least five sporting events during the 2028 Olympic and Paralympic Games.

The proposed LA Convention Center Expansion and Modernization Project includes 340,000 square feet of additional exhibit hall, meeting room, and multi-purpose space, along with upgraded public amenities and new exterior signage, which will generate about 8,666 temporary and 2,231 permanent jobs, and attract approximately 500,000 more visitors. A portion of the project funding is anticipated to come from operational revenues, including those from digital signage.

This bill would allow the City of Los Angeles to establish a sign district at the Los Angeles Convention Center to help fund its renovation and spur economic development. Additionally, the bill requires that the sign district comply with specified zoning and display requirements. [...]

8. Statements in opposition

The California State Outdoor Advertising Association writes in opposition stating:

AB 770 undermines longstanding state and federal regulations designed to promote fairness amongst advertisers, protect highway safety, and avoid significant financial penalties for non-compliance with the Federal Highway Beautification Act. [...]

AB 770 allows oversized and illegal advertising displays at the Los Angeles Convention Center property. Under current law, billboards have a maximum allowable size of 1,200 square feet. According to the Los Angeles City staff report, dated May 2, 2025, outlining the proposed convention center sign district, the proposal would allow for up to 36 signs that exceed size and spacing requirements, with one of them being a super sign at 26,000 square feet with close proximity to Highway 110 and Highway 10. The proposed legislation would authorize violations of the regulations dealing with overall square footage, length, and spacing between displays. Separately, they would violate state law provisions prohibiting displays adjoining landscaped freeways. These violations significantly threaten 10% of California's federal highway funds and creates an unfair business advantage for its operators to have an exclusivity on outdoor advertising at a location otherwise prohibited by law. [...]

[F]ederal law grants direct authority to the Secretary of the United States Department of Transportation to reduce an offending state's federal highway funds by 10% -- for California this would be approximately \$400 million. [...]

Finally, granting special exceptions from the law would create a major competitive disadvantage for the law-abiding members of the industry as none of them could compete.

SUPPORT

Karen Bass, Mayor of Los Angeles (sponsor)
California Federation of Labor Unions, AFL-CIO
California IATSE Council
Central City Association of Los Angeles
DTLA Alliance
DTLA Residents Association
Hollywood Chamber of Commerce
IBEW Local 11
IUPAT District Council 36
Los Angeles/Orange Counties Building and Construction Trades Council
Los Angeles Business Council
Los Angeles County Business Federation (BIZFED)
Los Angeles County Federation of Labor, AFL-CIO
South Park Business Improvement District
South Park Neighborhood Association
State Building & Construction Trades Council of California

Teamsters Joint Council 42
The Hollywood Partnership
Valley Industry and Commerce Association (VICA)

OPPOSITION

California State Outdoor Advertising Association
General Outdoor Advertising
Veale Outdoor Advertising

RELATED LEGISLATION

Pending Legislation: None known.

Prior Legislation:

SB 1488 (Durazo, Ch. 897, Stats. 2024) reduced the minimum duration from one year to 120 days of a sponsorship marketing plan for outdoor advertising displays at stadiums and arenas, and required Caltrans to include among its priorities support for the placement of advertising displays at arenas when renegotiating an agreement with the FHWA, as specified.

AB 1415 (Santiago, Ch. 689, Stats. 2023) exempted from the OAA displays erected in specified areas of Los Angeles pursuant to specified conditions, including preapproval by Caltrans.

AB 1673 (Pacheco, Ch. 590, Stats. 2023) clarified the definition of the terms "relocation," "relocated display," and all related variants of the terms, and explicitly allowed the conversion of an advertising display to a message center.

SB 1309 (Durazo, 2022) would have extended the authorization date for advertising displays for designated professional sports arenas with a capacity of 15,000 or more seats to January 1, 2028. This bill was vetoed by Governor Newsom. (*See* Comment 6, above, for veto message.)

AB 3168 (Rubio, Ch. 926, Stats. 2018) revised the OAA to facilitate the relocation and conversion of advertising displays adjacent to freeways, as provided.

SB 1199 (Hall, Ch. 869, Stats. 2016) authorized two existing advertising displays along Interstate 405 in the City of Inglewood to be considered on-premise displays, until January 1, 2023, which exempted them from the OAA, so long as the displays do not cause a reduction of federal transportation funds.

AB 1373 (Santiago, Ch. 853, Stats. 2016) provided an exemption from regulations of the OAA for signs allowed by a City of Los Angeles ordinance in relation to the number and location of billboards in an area bounded by West 8th Street on the northeast, South Figueroa Street on the southeast, Interstate 10 on the southwest, and State Route 110 on the northwest, and a small, adjacent parcel if certain conditions are satisfied.

PRIOR VOTES

Senate Transportation Committee (Ayes 11, Noes 2)

This bill was amended on June 13, 2025, to completely change the bill's provisions. The prior votes below are based on the bill before it was amended on that date.

Assembly Floor (Ayes 73, Noes 0)

Assembly Appropriations Committee (Ayes 14, Noes 0)

Assembly Governmental Organization Committee (Ayes 20, Noes 0)
