



State Legislative Updates

Policy, Grants, and Technology Committee

May 20, 2026

Alan Abbs

Legislative Officer

Legislative and Government Affairs Division



Abbreviations

- Assembly Bill (AB)
- Senate Bill (SB)
- Artificial Intelligence (AI)
- California Air Resources Board (CARB)
- California Department of Public Health (CDPH)
- California Energy Commission (CEC)
- California Environmental Quality Act (CEQA)
- California Public Utilities Commission (CPUC)
- Community Emission Reduction Plan (CERP)
- Community Steering Committee (CSC)
- Fiscal Year (FY)
- Heating, Ventilation, and Air Conditioning (HVAC)
- Local Community Emission Reduction Plan (LCERP)
- May Revision to the Governor's Propose Budget (May Revise)
- Office of Environmental Health Hazard Assessment (OEHHA)
- South Coast Air Quality Management District (South Coast AQMD)

Recommended Action

Recommend to the Board of Directors that the Board adopt positions on pending state legislative bills where appropriate, including, but not limited to the following Air District staff recommendations:

SUPPORT	OPPOSE UNLESS AMENDED
SB 899 (Grove)	AB 2635 (C. Rodriguez)



2026 Legislative Session Bills



2026 Legislative Session

Date/Deadline	Description
May 29, 2026	Last day for each house to pass bills introduced in that house
August 31, 2026	Last day for each house to pass bills
September 30, 2026	Last day for the Governor to sign or veto bills passed by the Legislature before September 1 and in the Governor's possession on or after September 1
November 3, 2026	General Election
November 30, 2026	Adjournment <i>sine die</i> at midnight
December 7, 2026	12 Noon convening of the 2027-28 Regular Session
January 1, 2027	Statutes take effect



Board-Adopted Position Bills

As of May 6, 2026

SB 222 (Wiener)

Heat Pump Access Act

This bill would make cost-saving, energy efficient heat pump water heater and HVAC installations faster, simpler and more affordable by streamlining the permitting process.

Position: Co-Sponsor (adopted by the Board on February 4, 2026)

AB 907 (Chen)

State Air Resources Board: Board Members: Compensation

The bill proposal would provide that CARB board members representing air districts receive the same level of compensation as other Governor-appointed voting CARB board members. Per current statute, Health and Safety Code Section 39512.5, air district CARB Board members only receive \$100 per meeting plus actual and necessary expenses.

Position: Support (adopted by the Board on February 5, 2025)

AB 1777 (Garcia)

Air Pollution: Indirect Sources

This bill would authorize CARB, if necessary to carry out that duty to achieve those ambient air quality standards, to adopt regulations to reduce or mitigate emissions from indirect sources of pollution.

Position: Support (adopted by the Board on March 4, 2026)

SB 954 (Blakespear)

CEQA : Advanced Manufacturing Facilities: Exemption

This bill amends SB 131 (Committee on Budget and Fiscal Review, Chapter 24, Statutes of 2025) – a budget trailer bill from 2025 – that provided broad CEQA exemptions for “advanced manufacturing facilities” which ended up including a long list of industrial activities.

Position: Support (adopted by the Board on April 1, 2026)

AB 1791 (Sanchez)

State Air Resources Board: South Coast AQMD: Regulations: Prohibition: Costs

This bill would prohibit the South Coast AQMD from adopting any regulation or rule that would add more than \$0.02 to the cost of a gallon of gasoline, add \$2,000 or more to the cost to build any home, or add \$5,000 or more to the cost to build a nonresidential building. The bill would require the South Coast AQMD to submit data to the relevant policy committees of the Legislature that demonstrates how a proposed regulation is compliant with this prohibition.

Position: Oppose (adopted by the Board of April 1, 2026)

Staff Note: Failed to meet the deadline to pass out of referred policy committee.

AB 2057 (DeMaio)

Natural Gas: Appliances

This bill would prohibit a state agency or local government from adopting or enforcing a rule, regulation, resolution, or ordinance that directly or indirectly results in prohibiting the use of gas appliances in residential or nonresidential buildings.

Position: Oppose (adopted by the Board on May 6, 2026)

Staff Note: Failed to meet the deadline to pass out of referred policy committees.

AB 2102 (DeMaio)

Wildfire: Vegetation Management: Fuel Reduction Activities

The bill would make several changes to existing fuel reduction activities, including:

- Require all public lands, on or before January 1, 2028, to have 200-foot firebreaks on all borders with private property
- Wildfire fuel reduction activities pursuant to this section shall be exempt from CEQA
- A state agency, including, but not limited to, CARB or its successor entity, shall not impose additional permitting, emissions limitation, or regulatory requirements on activities conducted pursuant to this section
- A city, county, or special district shall not impose discretionary review, conditional use permits, or additional environmental review requirements for activities authorized by this part

Position: Oppose (adopted by the Board on May 6, 2026)

Staff Note: Failed to meet the deadline to pass out of referred policy committees.

AB 2349 (Solache)

State Air Resources Board: Regional Air Quality Incident Response Program

This bill would establish a statewide network of Air Quality Incident Response Centers in collaboration with CARB and local air districts. The program would strengthen California's emergency air monitoring capacity and support coordinated state and local responses during wildfires, industrial accidents, and other air quality emergencies.

Position: Support (adopted by the Board on May 6, 2026)

AB 2313 (Berman)

Gas Corporations: Gas Distribution Service Line Replacements: Alternatives

This bill, the Home Energy Choice Act, would require the CPUC in a new or existing proceeding, to require each gas corporation to offer a Gas Distribution Service Line Replacement Alternatives Program, on or before January 1, 2028, to provide gas customers served by a gas distribution service line, planned or forecasted for replacement over the next 5 years, or prioritized for replacement by the commission, with a monetary incentive to deploy gas distribution service line replacement alternatives, as defined, and cease gas service to avoid the gas distribution service line replacement, as specified.

Position: Support (adopted by the Board on April 1, 2026)

AB 2752 (Ávila Farías)

Bay Area Air Quality Management District and South Coast Air Quality Management District: Policies: Oil Refineries

This bill would require the Bay Area Air District and the South Coast AQMD to analyze all of their policies that have been adopted and all future policies that they are considering adopting that impact oil refineries located in their districts and determine the cost of compliance, potential cost to consumers, impacts on state and local tax revenue, and refinery employment.

Position: Oppose (adopted by the Board on April 1, 2026)

Staff Note: Failed to meet the deadline to pass out of referred policy committee.

SB 299 (Cabaldon)

CEQA: Exemption: Day Care Center: Family Daycare Home: Zoning

This bill would provide that an exemption from CEQA applies to a day care center on a parcel of land zoned exclusively for residential use. This bill seeks to fix problems with SB 131 (Committee on Budget and Fiscal Review, Chapter 24, Statutes of 2025) – a budget trailer bill from 2025 – which provided a CEQA exemption for day care centers proposed on a parcel of land zoned as industrial, which ultimately made it easier to zone day care centers in industrial areas rather than residential areas.

Position: Support (adopted by the Board on April 1, 2026)

SB 1039 (Grove)

Air Resources: Refinery-Related Community Air Monitoring System

This bill would require air districts with refineries to include a process for a petroleum refinery to provide substantial evidence to the appropriate air district to exclude a pollutant for monitoring in a fence-line monitoring system and would authorize the air district to exclude a pollutant for monitoring at a petroleum refinery fence-line monitoring system if the air district determines that substantial evidence supports certain considerations.

Position: Oppose (adopted by the Board on May 6, 2026)

SB 1075 (Reyes)

Air Resources: Toxic Air Contaminants: Criteria Air Pollutants: Community Emissions Reduction Programs: Local Community Emissions Reduction Plans

Among other things, this bill would tie requirements to support AB 617 communities to the achievement of Federal Ambient Air Quality Standards and would prevent CERP communities from disbanding except by a 2/3 vote of the CSC. The bill would also require certain land use decisions of cities and counties with AB 617 communities to align with recommendations in the CERP or the original CARB designation findings, require air districts and CARB to enforce recommendations in LCERP communities, and require CARB audits of air district AB 617 programs.

Position: Oppose Unless Amended (adopted by the Board on May 6, 2026)

SB 1159 (Cabaldon)

Public Employees: Notice: Artificial Intelligence Performing Service Within Scope of Work

This bill would specify that, for purposes of the California Public Records Act, the Bagley-Keene Open Meeting Act, the Ralph M. Brown Act, the Political Reform Act of 1974, the Administrative Procedure Act, and CEQA, “person,” “interested person,” “participant,” “member of the public,” as applicable, and any other similar terms under each act referring to those who may engage with governmental agencies, do not include artificial intelligence, as defined, systems, autonomous agents, robots, or other nonhuman entities, whether physical or digital. The bill would make findings and declarations related to these provisions.

Position: Support (adopted by the Board on May 6, 2026)

SB 1392 (Cortese and Grove)

Smog Check: Exemption: Collector Motor Vehicles

This bill would redefine “collector motor vehicle” in state law and further exempt a collector motor vehicle manufactured before the 1981 model year from the requirement to pass biennial smog check. The bill would extend the applicability of this exemption by one model year each year, beginning on and after January 1, 2028, until the final extension takes effect on and after January 1, 2032, that would exempt a collector motor vehicle manufactured before the 1986 model year from the requirement to obtain the certificate of compliance or noncompliance.

Position: Oppose (adopted by the Board on April 1, 2026)



Air District Staff Recommendations

AB 2635 (C. Rodriguez)

Air Pollution: Small Off-Road Engines: Voucher Programs: Local Regulation

This bill would require each large and medium air pollution control and air quality management district, no later than January 1, 2028, to implement and maintain a commercial voucher program to support the transition to zero-emission small off-road equipment consistent with specified requirements. By requiring districts to establish a new program, the bill would impose a state-mandated local program. The bill would also require a small rural district or local government that chooses to adopt such a program to comply with specified requirements in administering the program.


Staff Recommendation: Oppose Unless Amended

SB 899 (Grove)

Fire Prevention: Wildfire and Forest Resilience Task Force: Wildfire Smoke

This bill would require the task force, on or before July 1, 2028, and in cooperation with OEHHA and CDPH, to assess the health costs and impacts of wildfire smoke using existing wildfire smoke and health data, as provided. The bill would require the task force, in developing this assessment, to, among other things, develop a model to determine the approximate health benefits of achieving the goals identified in the action plan and make recommendations on how the action plan can increase its health benefits.

Staff Recommendation: Support



Additional Bill(s) for Discussion

AB 1577 (Bauer-Kahan)

Data Centers: Reporting

This bill requires a data center report information on energy and water usage to local permitting agencies and, following energization of the data center, to report energy usage information to the CEC.

AB 2170 (Boerner)

CEQA: Overburdened Communities: Notices and Hearings: Translations

This bill prohibits the approval of certain industrial use projects via exemption under CEQA and requires translation of certain CEQA notices.



State Budget Update FY 2026-27



2026 State Budget Dates & Deadlines

Date/Deadline	Description
January 9, 2026	Governor released the proposed budget for the FY 2026-27 State Budget
Mid-May	Governor to release the May Revise to the proposed budget for the FY 2026-27 State Budget
June 15, 2026	The Senate and Assembly must vote on and pass a balanced budget, to meet the constitutional deadline
July 1, 2026	The budget bill must be signed by the Governor

State Budget Update

Air District staff will provide the Committee with a verbal update on the state budget and the status of funding as it pertains to the Air District.

Staff Note: The Legislature may pass budget amendments and other changes to the adopted budget.

Recommended Action

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Questions & Discussion

For more information:

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Overview of Air District's Heavy-Duty Equipment Grant Programs and Summary of Results for Calendar Year 2025

Policy, Grants, and Technology Committee

May 20, 2026

Adam Shapiro, Manager

Daniel Anderson, Senior Staff Specialist

Strategic Incentives Division

Background – Heavy-Duty Equipment Grants

Funding projects that reduce air pollutants from mobile sources
Including: Nitrogen Oxides (NO_x), Reactive Organic Gases (ROG), and Particulate Matter (PM₁₀)



Background - Primary Funding Sources



California Air Resources Board (CARB)

- Carl Moyer Memorial Air Quality Standards Attainment Program (CMP)
- Community Air Protection (CAP Incentives)
- Funding Agricultural Replacement Measures for Emission Reductions (FARMER)



Department of Motor Vehicles (DMV) Surcharge

- Transportation Fund for Clean Air (TFCA) 60% Regional Fund
- Mobile Source Incentive Fund (MSIF)



Volkswagen Environmental Mitigation Trust (VW Trust)

Source: Logos from respective websites

Background – Project Types

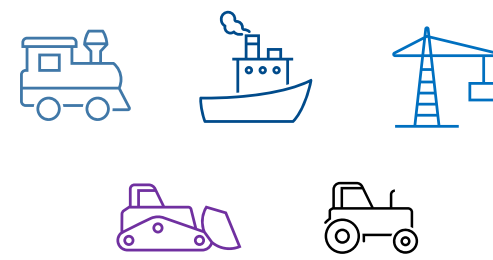
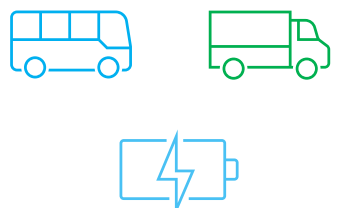
- Scrapping and Replacing Polluting Engines/Equipment
- New Zero-Emission (ZE) Equipment and Infrastructure



Source: Air District equipment inspections

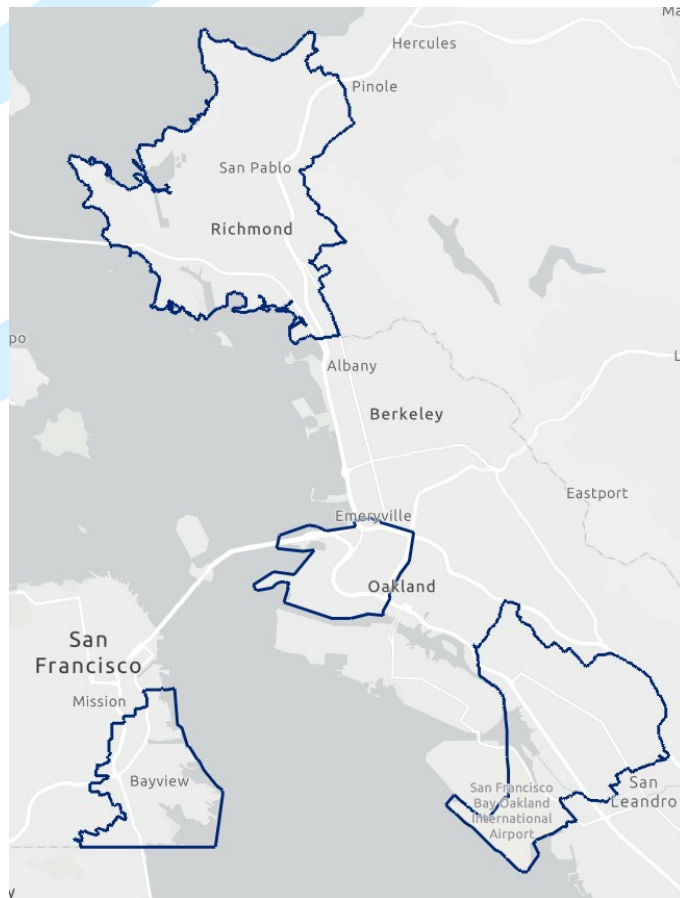
Background – Cost-Effectiveness

- Project Award Amounts are based on Cost-Effectiveness (CE)
- **CE informs the ton of emissions reduced per dollar spent**
- Projects are evaluated to calculate the tons of emissions reduced, considering factors such as equipment emission rates, regulatory requirements, and usage

<u>CE limit for Conventional Fuel</u>	<u>CE limit for ZE</u>
 <p>Up to \$34,000/ton</p>	 <p>Up to \$522,000/ton</p>

Background – Priority Areas

Focus on areas disproportionately affected by environmental pollution

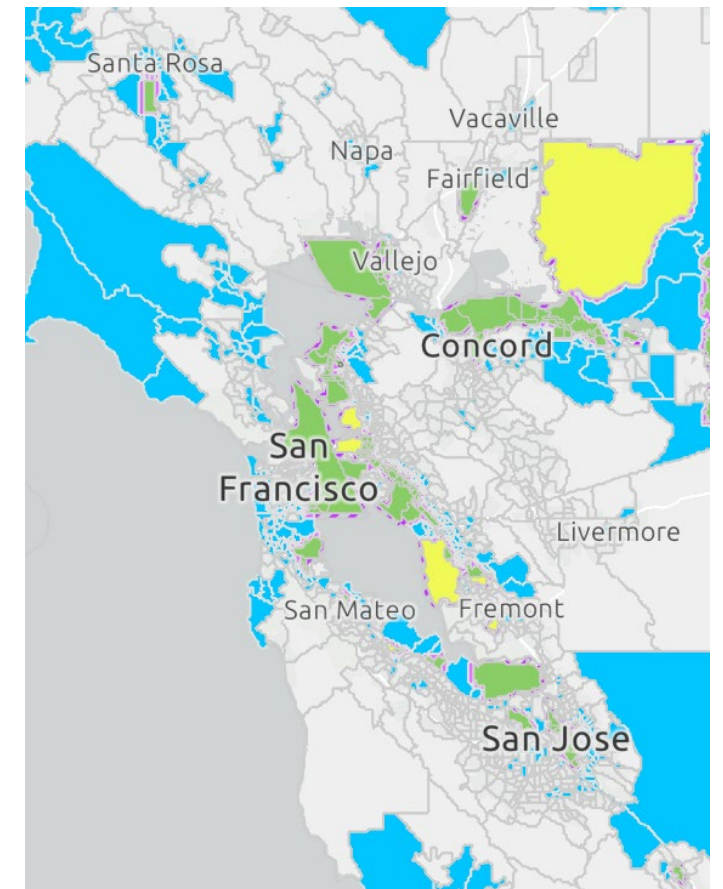


Assembly Bill (AB) 617 communities

- West Oakland
- East Oakland
- Richmond-North Richmond-San Pablo
- Bayview Hunters Point/Southeast San Francisco

California Climate Investments

- Disadvantaged Communities
- Low-Income Communities



Source: California Climate Investments

Background - Strategic Plan

Reimagining Funding (Strategy 1.4)

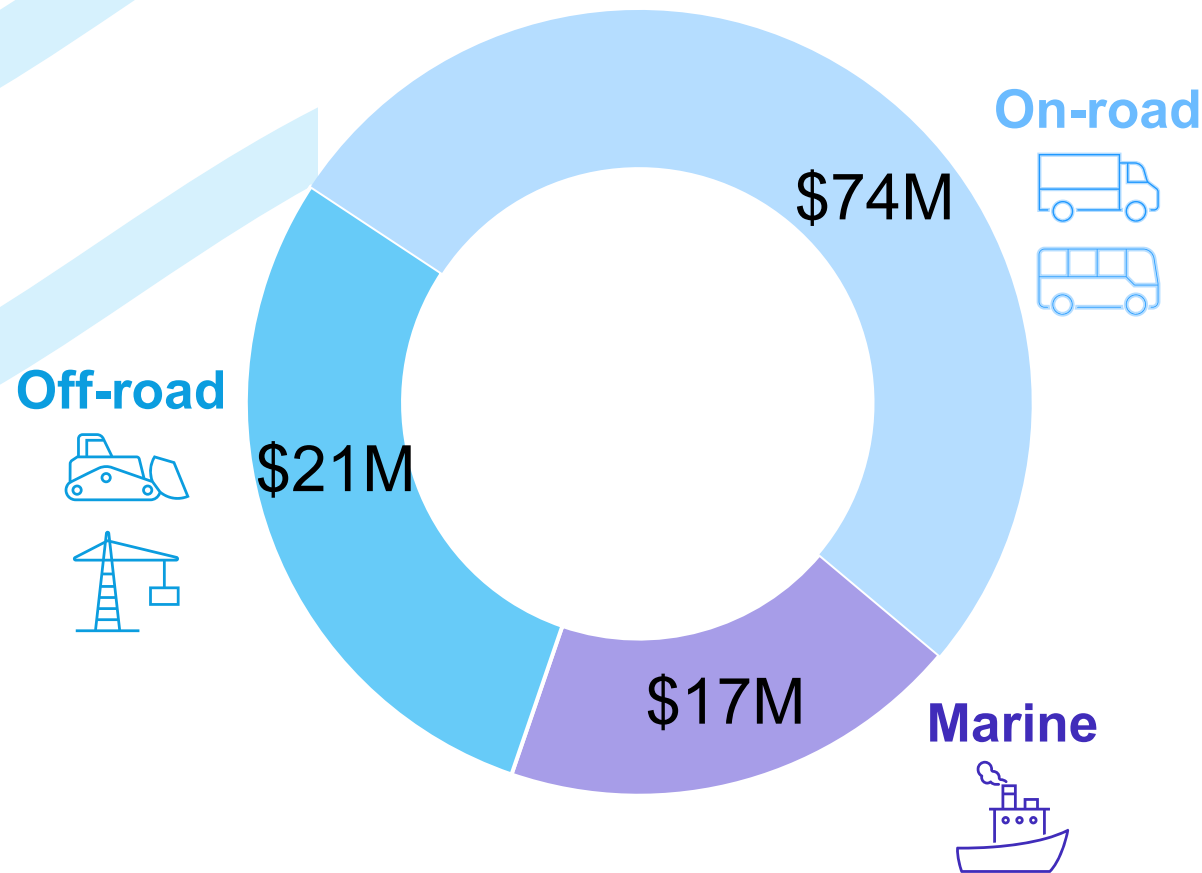
- Evaluate opportunities to minimize application barriers
- Collaborate with communities to explore innovative project ideas, additional funding sources with expanded flexibility, and improvements to grant implementation
- Develop new programs informed by community input
- Adjust strategy as needed following updated emissions data

Ensuring Success (Strategy 4.10)

- Develop resources and capacity to honor our commitments

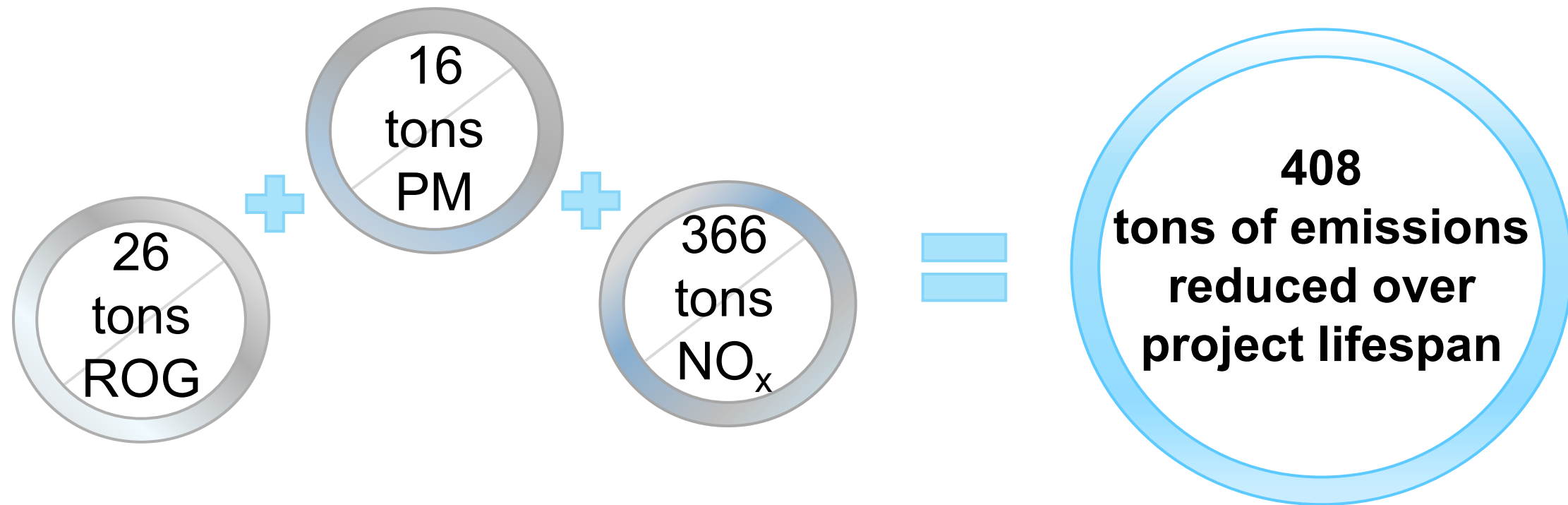
2025 Project Summary – Contracted Projects

\$112 Million (M) Contracted to 119 Projects



	Equipment/Engines	Charging Stations
Total	245	410
On-Road	84	402
Off-Road	155	0
Marine	6	8

2025 Projects Summary – Emissions Reduced



Emissions are reduced by replacing dirty, polluting engines/equipment with new, cleaner options

Emission reductions are based on CARB-approved calculations

2025 Highlight – Greatest Emissions Reduced



Figure 1. San Francisco Water Emergency Transportation Authority Hydrus Ferry
Source: Bay Area Council

Conversion of a diesel-powered ferry to all battery electric that operates from San Francisco to all Oakland, Alameda, and Richmond ferry terminals

123 tons of emissions reduced

2025 Highlight – Most Cost-Effective Projects



\$14 million
to 86 Agricultural Projects

114 units to be replaced
to cleaner standards

Fully voluntary, no regulations
requiring upgrades

200 tons of harmful emissions
reduced

Protects farm workers from harmful
diesel PM

Significant health benefits to
resident's region-wide



Source: Air District equipment inspections

2025 Highlight – Zero-Emission Funding

\$95 million to 32 zero-emission projects

79 units to be replaced with zero-emissions

- 53 On-road buses
- 11 School buses
- 12 Off-road units
- 3 Marine vessels

22 zero-emission infrastructure projects

410 Charger stations to be installed



Source: Air District equipment inspection

2025 Highlight – Priority Communities



Source: Air District equipment inspection

\$102 million benefitting Priority Communities

- \$53 million to AB 617 communities

127 units replaced to cleaner technology

- 12 School Buses
- 3 Marine Projects
- 59 Off-Road Units
- 53 On-Road Buses

20 Infrastructure projects

397 Charger stations

2025 Program Summary

- **\$112 million** contracted to 119 projects in Calendar Year 2025
- **91%** to Priority Communities (47% to AB 617 communities)
- **85%** to support zero-emission equipment and infrastructure
- **408 tons** of harmful pollutants to be reduced

Strategic Plan – Improving Grant Implementation

Reimagined Programs

- Launched new pilot program in AB 617 Communities - Commercial Electric Lawn and Garden Equipment Exchange (eL&G)
- Updated TFCA policies to be able to award more for projects benefitting Priority Areas



Source: Air District equipment inspection

Strategic Plan – New Programs & Tools



Developing Programs Informed by Community Input
Implementing the Port Emission Reduction and Electrification Program

Minimizing Application Barriers

Launching voucher-based ZE heavy-duty truck program



Ensuring Success

Transitioning from a pilot to a regional eL&G Program;
Developing a new grants management system

Questions & Discussion

For more information:

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