SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1704 (Mark González) - Greenhouse gases: embodied carbon building materials

Version: June 23, 2026
Urgency: No
Hearing Date: August 10, 2026

Policy Vote: E.Q. 6 - 0
Mandate: No
Consultant: Ashley Ames

Bill Summary: This bill would delay implementation of the state's embodied carbon building material requirements until the California Air Resources Board (CARB) determines that lower embodied carbon materials would be cost effective compared to conventional materials, as specified.

Fiscal Impact:

- To the extent that greenhouse gas (GHG) emissions reductions would have otherwise been achieved under the embodied carbon framework and implementation of that framework is delayed or suspended as a result of this bill, unknown cost pressures (GHG Reduction Fund or other fund) to backfill these emission reductions elsewhere in order to maintain progress toward statewide targets.
- Potential deferred fee revenue of an unknown amount for each year in which the embodied carbon framework is not implemented (Cost of Implementation Account), as the reporting-mechanism fee authorized under existing law would not be collected. This would be offset by lower CARB administrative costs during the same period.

Background: "Embodied carbon" refers to the GHG emissions arising from the manufacturing, transportation, installation, maintenance, and disposal of building materials — as distinct from the operational carbon of heating, cooling, and running a building. According to the 2021 Integrated Energy Policy Report, on average up to 50 percent of a new building's total GHG emissions over a 30-year life are embodied carbon from initial construction, with nearly 70 percent of that attributable to six materials, led by concrete and steel.

The framework and its deadlines. California's embodied carbon reduction framework, enacted by AB 2446 (Holden, 2022) and expanded by AB 43 (Holden, 2023), is codified in Health and Safety Code §§ 38561.3 and 38561.6 and is administered by the California Air Resources Board (CARB).Existing law requires CARB to develop a framework for measuring the average carbon intensity of materials used in the construction of new buildings by December 31, 2026, and to develop a comprehensive strategy for the building sector to achieve a 40 percent net reduction in GHG emissions of building materials as soon as possible, but no later than December 31, 2035, with the strategy due by December 31, 2028. These dates reflect delays enacted by SB 123 (2023), which moved the framework deadline from July 1, 2025 to December 31, 2026, the strategy deadline to December 31, 2028, and the feasibility and cost impact evaluation deadline by six months. The framework's targets apply no sooner than

January 1, 2027, and two years after the baseline is established, with the baseline set from an industry average of environmental product declarations reported for the 2026 calendar year. Existing law also authorizes, but does not require, CARB to establish an embodied carbon trading system, to be integrated with the framework and implemented on and after January 1, 2029. CARB's embodied carbon program is in active development: staff's tentative timeline runs through workshops and a board hearing toward adoption of the reporting framework by December 31, 2026, with mandatory reporting to begin thereafter.

Compliance cost limits in existing law. The framework carries cost-containment features for covered projects: the incorporation of lower carbon materials must be limited or excluded to the extent it is unfeasible or has a "cost impact," defined as a significant — 5 percent or more — increase in operational or overall material cost or schedule delay attributable to the lower carbon material relative to the baseline material. A project that cannot achieve the applicable target within those limits is deemed to comply, and no penalties relating to the use or failure to use low-carbon materials may be applied to a deemed-compliant project. CARB has no authority to approve, deny, or delay the planning, use, development, design, or construction of a project.

State procurement and federal funding conditions. Separately from the CARB framework, the Buy Clean California Act requires the Department of General Services (DGS) to establish and publish maximum acceptable global warming potential limits for four eligible materials — structural steel, concrete reinforcing steel, flat glass, and mineral wool board insulation — used in public works projects, relying on environmental product declarations. At the federal level, the Inflation Reduction Act invested $350 million in grants, technical assistance, and tools to help manufacturers, buyers, and builders measure, report, and lower embodied carbon in construction materials; the Senate Environmental Quality Committee analysis notes that much, if not all, of that funding has not materialized following federal curtailment.

Proposed Law: This bill would:

1. Require CARB to delay implementation of specified elements of AB 2446/AB 43 until CARB determines that using building materials with lower embodied carbon would be cost effective during the first two-year period of their use compared to using conventional building materials.

2. Stipulate that if CARB does not make the above finding, it must delay or suspend implementation for no less than five years, after which the same determination will still be required before implementation proceeds.

Related Legislation:

AB 43 (Holden, 2023) made a number of changes to the provisions created by AB 2446 (Holden, 2022), and expanded the framework created therein by including authority for CARB to establish an embodied carbon trading system.

AB 2446 (Holden, 2022) required CARB to develop a framework for measuring and reducing carbon emissions associated with new building construction.

Staff Comments:

Statewide climate targets. The California Global Warming Solutions Act of 2006 (AB 32, Núñez) required statewide greenhouse gas (GHG) emissions to return to 1990 levels by 2020, and SB 32 (Pavley, 2016) requires statewide emissions to be reduced to at least 40 percent below the 1990 level by 2030. The California Climate Crisis Act (AB 1279, Muratsuchi, 2022) declares the policy of the state to achieve net zero GHG emissions as soon as possible, but no later than 2045, to achieve and maintain net negative emissions thereafter, and to ensure that by 2045, statewide anthropogenic GHG emissions are reduced to at least 85 percent below 1990 levels — codifying the statewide carbon neutrality goal first established by a 2018 executive order. CARB's scoping plan, updated at least once every five years, identifies the measures for achieving these targets across sectors, including the building sector.

Fee and penalty revenue. Under existing law, the embodied carbon framework may include a tracking and reporting mechanism, and existing law (HSC § 38561.3) permits CARB to charge participants a fee only to reimburse its administrative costs of administering that reporting mechanism, prohibiting any other charges on participants. HSC § 38561.6 does not authorize the creation of a revenue-generating program or any other program resulting in moneys being paid to the state, other than penalties. Penalties are limited to the amounts described in specified subdivisions of § 42402, with higher penalties reserved for disregard of the regulations, extreme negligence, or acts of deceit, and these penalties are the exclusive enforcement mechanism against regulated entities. Absent the framework, these penalty revenues may also be forgone, although they would likely be minor.

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