

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2046 (Ransom) – As Introduced February 17, 2026

Policy Committee: Transportation

Vote: 16 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill exempts from certain pollution control device requirements a fuel retrofit system for a light- or medium-duty gasoline-fueled vehicle that converts the vehicle to a dual-fueled vehicle that can utilize gasoline or E85 fuel, if the system is certified by the United States Environmental Protection Agency (U.S. EPA).

Specifically, this bill:

- 1) Exempts from certain motor vehicle pollution control requirements an alternative fuel retrofit system for a light-duty or medium-duty gasoline-fueled vehicle that converts the vehicle to a dual-fueled vehicle that can utilize gasoline or E85 fuel, if the alternative fuel retrofit system has been certified by U.S. EPA as a clean alternative fuel conversion system and provides that certification by U.S. EPA as an approved clean alternative fuel conversion system constitutes compliance with specified pollution control requirements for purposes of an alternative fuel retrofit device.
- 2) Prohibits the Air Resources Board (ARB) from requiring state certification, executive order approval, or any additional testing or demonstration for an alternative fuel retrofit device described above.
- 3) Provides that a person who installs an alternative fuel retrofit device, as described above, shall not be deemed to have installed an unlawful emissions-related device solely on the basis that the device has not been approved by ARB.
- 4) Provides that notwithstanding any other law, a person or entity that sells, dispenses, transports, or offers for sale E85 fuel shall not be subject to civil, administrative, or criminal liability solely for supplying E85 fuel to a vehicle equipped with an alternative retrofit device, as described above.

FISCAL EFFECT:

- 1) As more E85 conversion kits are made available in the state and a subset of drivers transition from using conventional gasoline to E85 fuel, the state may see a reduction in motor vehicle fuel excise tax revenue (Motor Vehicle Fuel Account (MVFA) in the Transportation Tax Fund). This potential reduction is because the state tax on alcohol fuel containing no more than 15% gasoline (like E85) is nine cents per gallon, whereas the state excise tax on

gasoline and diesel suppliers is 61.2 cents per gallon. Funds from the MVFA are primarily used to construct and maintain public roads and mass transit systems.

- 2) ARB may incur some ongoing annual costs as a result of this bill, although the scope of its compliance- and enforcement-related workload is not entirely clear to this committee.

For its part, ARB estimates ongoing annual staffing costs of approximately \$828,000 (Air Pollution Control Fund) to, among other things, review alternative fuel retrofit system applications to determine if they include vehicles that could qualify for exemption under this bill; verify retrofit systems as EPA-certified; verify that retrofit systems only allow use of gasoline or E85 fuel and not other ethanol blends; coordinate with the Bureau of Automotive Repair on whether a vehicle equipped with a retrofit system that does not have an aftermarket label is exempt under this bill; coordinate with divisions that oversee aftermarket parts and enforcement to determine if E85 fuel suppliers meet the criteria of this bill; respond to external inquiries about whether specific retrofit systems need certification or an executive order from ARB; field complaints about retrofit system sold as EPA-certified devices; coordinate with U.S. EPA on addressing complaints; and other related tasks.

COMMENTS:

- 1) **Purpose.** According to the author:

Californians consistently pay more at the pump than drivers in other states, and uncertainty about future price spikes is rising due to international conflicts and in-state refinery closures. E85 is a cheaper and cleaner fuel alternative, but not all cars can take this type of fuel. Currently, California remains the only state that prohibits the use of E85 conversion kits, which is a proven technology that allows cars to switch from gas to E85. AB 2046 would allow E85 conversion kits to operate in California, which would give consumers more choices when looking for ways to access more affordable fuel.

- 2) **Background. *E85 Conversion Kits.*** According to ARB, E85 is an alternative fuel for automobiles containing 85% ethanol and 15% gasoline. An E85 conversion kit allows a gasoline-powered vehicle to run on fuel containing up to 85% ethanol. There are different categories of kits on the market that require different levels of alteration to the vehicle. The more basic kits include ethanol sensors and utilize the vehicle's engine control unit, cost approximately \$800, and can be installed at home. If the consumer does not have the expertise to install their own kit, they may pay an installer for labor, which may range from \$200 to \$450.

E85 Conversion Kit Certification. Two government agencies currently certify E85 kits: U.S. EPA and ARB. U.S. EPA updated its rule governing vehicle fuel conversion kits in April 2011. ARB approved revisions to the state's Alternative Fuel Conversion regulation in September 2013. The ARB revisions provided for streamlining of the conversion approval process for 2004 model year vehicles while the certification procedures for pre-2004 vehicles remained unchanged.

The agencies' certification processes differ. ARB considered adopting the U.S. EPA process but ultimately rejected it as insufficient. Proponents of this bill argue that ARB's certification

process is overly rigorous. ARB has received only a few applications and there are currently no ARB-approved E85 conversion kits. There are currently only a small number of E85 conversion kits certified by U.S. EPA.

Other Considerations. Burning ethanol emits fewer greenhouse gases than burning gasoline. Additionally, the process of making ethanol does not rely on refining processes and the feedstocks are primarily domestically grown. Therefore, ethanol is not as sensitive to imports and global market volatility.

While this bill transfers certification authority for E85 conversion kits from ARB to U.S. EPA, it does not do so for other alternative fuel conversion kits, such as compressed natural gas retrofit systems. This potentially creates an uneven playing field for the different types of fuel conversion kits.

Further, as discussed in the Assembly Transportation Committee's analysis of this bill, at a time when the federal government is removing expert staff and science from regulatory decisions, it is important to consider whether the state should cede authority over an inherently scientific process, rubberstamp EPA-certified products as compliant with California's anti-tampering laws, and set a precedent for transferring approval authority to the federal government.

Support. Among other groups in support of this bill, Flex Fuel Energy Development (FERD), notes the company has provided French drivers with safe, reliable E85 conversion kits for over a decade, equipping approximately 150,000 vehicles to date. FERD notes it spearheaded efforts to legalize and standardize these kits in France, working closely with the French government to pass the 2017 law that approved E85 conversion systems nationwide. The company argues conversion systems have resulted in "reduced fuel costs for end users, significant environmental benefits through decreased reliance on fossil fuels, and a proven track record of emissions compliance and vehicle durability."

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