

required motor vehicle pollution control device or system that alters or modifies the original design or performance of the motor vehicle pollution control device or system.

- 6) Allows, to a vehicle, an alteration, modification, or modifying device, apparatus, or mechanism if CARB finds by resolution that it does not reduce the effectiveness of a required motor vehicle pollution control device, and further result in emissions from the modified or altered vehicle that are above levels that comply with existing state or federal standards for that model-year of the vehicle being modified or converted.

This bill:

- 1) Exempts 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 the United States Environmental Protection Agency (U.S. EPA) from various air pollution-related requirements.
- 2) Requires that CARB shall not require state certification, executive order approval, or any additional testing or demonstration for an alternative fuel retrofit device as described above.
- 3) States 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 it has not been approved by CARB.
- 4) States 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 for supplying E85 fuel to a vehicle equipped with an alternative retrofit device, as described above.

COMMENTS:

- 1) *Purpose of the bill.* 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) *Ethanol in gasoline in California.* Gasoline is a fuel made from crude oil and other petroleum liquids. Gasoline is mainly used in vehicle engines. Petroleum refineries and blending facilities produce finished motor gasoline for retail sale at gasoline fueling stations.

Petroleum refineries mostly produce gasoline blending components called gasoline blendstocks, which require blending with other liquids to make finished motor gasoline. In California, the blendstock used is called California Reformulated Gasoline Blendstock for Oxygenate Blending (CARBOB). Until CARBOB has oxygenates (including but not limited to ethanol) and other components added, it is not finished gasoline which can be used in a vehicle.

Most of the finished motor gasoline now sold in the United States contains about 10% fuel ethanol by volume (E10). Ethanol is added to gasoline mainly to meet the requirements of the Renewable Fuel Standard, which is intended to reduce greenhouse gas emissions and the amount of oil that the United States imports from other countries.

Ethanol has a lower energy density than gasoline, so adding it to CARBOB results in a finished gasoline that can provide slightly less energy to a vehicle (i.e. that vehicle will likely not be able to drive as many miles on a full tank of E15 versus E10). However, ethanol is also less expensive than CARBOB, so adding it can lower the cost of that tank. There are other considerations (such as the impact on other air pollutants from evaporation or combustion, or more system-wide impacts on CARBOB and ethanol supply and demand) that must be made to determine the overall pros and cons of using higher ethanol blends in California.

In the interest of exploring all options available to control the price of gasoline, California recently (AB 30, Alvarez, Chapter 247, Statutes of 2025) authorized the blending of up to 15% ethanol. Prior to the passage of AB 30, California had been the only state in the U.S. that prohibited the use of E15.

- 3) *What is E85?* As opposed to the traditional E10 or the newly-authorized-in-California E15, E85 is a fuel blend of 85 percent ethanol and 15 percent gasoline. E85 has been in the marketplace for three decades and reduces emissions by more than 30 percent over traditional gasoline. Flex fuel vehicles (FFVs) can use any fuel ranging from 0 percent ethanol to 85 percent ethanol (E85). There are more than 22 million FFVs on the road in the U.S., roughly 8

percent of all vehicles.¹ In California, estimates put the number of FFVs are 1.3 million, or roughly 3.6% of all registered vehicles. In California, there are between four and five hundred E85 fueling stations statewide.² In 2024, the California Energy Commission estimated that there were 11,084 petroleum transportation fueling stations in California with a total of 15,131 fueling pumps. Only 3% of those pumps dispense E85.

Some vehicles are sold as FFVs, but most traditional engines on the road are not compatible. An E85 conversion kit allows a gasoline-powered vehicle to run on fuel containing up to 85% ethanol. There are different categories of kits currently 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 must pay an installer for labor, which may range from \$200-\$450.

E85 is typically priced lower than gasoline, but is not necessarily always a better deal. This is because FFVs typically get about 20-30% fewer miles per gallon when fueled with E85 compared to gasoline. Therefore, E85 should be priced 20 – 30% less than gasoline to achieve equivalent per mile costs. Otherwise, motorists will see little difference when using E85 versus gasoline.³

- 4) *E85 conversion kits and CARB approval.* Although no commercial E85 conversion kits are available in California today, that is because no manufacturer has sought CARB approval of a kit that would meet California's strict standards. It's important to note that California has recorded some of the worst air quality in the nation for decades, but has made great strides towards improving it. A number of policies (including the use of CARBOB, the applicability of lower emissions standards, the requirement for smog testing) have been pioneered by California to address its air pollution issues. In that vein, E85 conversion kits—just like any other aftermarket part or conversion—must go through testing and certification by CARB.

This bill attempts to jumpstart the E85 conversion kit market in California by deregulating kit certification. Regardless of whether or not E85 conversion kits get the scrutiny they do now, a number of interrelated requirements still apply to CARB and drivers alike. Retooling the fuel system of a vehicle may have significant impacts on the sensors and other components that are required to

¹ E85 flex fuel. Renewable Fuels Association. <https://ethanolrfa.org/ethanol-in-your-engine/e85-flex-fuel>

² <https://e85prices.com/california.html>

³ E85 and Flexible Fuel Vehicles. CARB.

https://ww2.arb.ca.gov/sites/default/files/classic/isd/fuels/altfuels/e85/e85_flex_fuel_vehicles.pdf

pass smog testing; without CARB certification this could be jeopardized in FFV conversions. The U.S. EPA certification process is confidential, meaning CARB would ultimately have less information about the state's vehicle fleet. This would be expected to complicate efforts to continue cleaning California's air. However, the scope of this difficulty is proportional to the size of the E85 conversion market. If very few drivers convert their vehicles to take advantage of the lower-cost E85 fuel, the size of blind spot created for CARB will be similarly small. Nevertheless, especially at a time where CARB's other regulatory authorities have been under extensive attack by the U.S. EPA and Administration, the decision to further cede authority to the federal regulators should not be taken lightly, regardless of the size of the potential fleet.

- 5) *Double referral.* This bill was double referred to the Senate Environmental Quality Committee, where it passed on a vote of 7-0 at their June 17, 2026, hearing.

RELATED/PREVIOUS LEGISLATION:

AB 30 (Alvarez, Chapter 247, Statutes of 2025) – Allows gasoline with up to 15% ethanol by volume (E15) to be sold in California, as specified.

SB 301 (Portantino and Newman, 2023) – Would have required CARB to establish the Zero-Emission Aftermarket Conversion Project which would have provided a rebate of up to \$4,000 per vehicle for qualifying vehicle conversions. *The bill was vetoed by the Governor.*

SB 660 (Newman, 2017) – Would have created the Aftermarket Parts Account for the purpose of hiring additional staff to approve aftermarket parts. *The bill died in the Assembly Transportation Committee.*

AB 558 (Quirk-Silva, 2017) – Would have allowed the Joint Legislative Committee on Climate Change Policies to recommend that CARB provide education and support to local governments on ensuring the use of E85 flexible fuel vehicles, among other subjects. The bill would also have required CARB to develop a summary on the distribution of E85 and flexible fuel vehicle registrations and develop policy recommendations to maximize the use of E85 in flexible fuel vehicles. *The bill was vetoed by the governor.*

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

POSITIONS: (Communicated to the committee before noon on Wednesday, June 24, 2026.)

SUPPORT:

California Fuels and Convenience Alliance (sponsor)
Advanced Fuel Dynamics
California Chamber of Commerce
California Lulac State Organization
California New Car Dealers Association
COBB Tuning
Flex Fuel Energy Development
Growth Energy
Hondata Performance Products
Pearson Fuels
Sacramento Asian Pacific Chamber of Commerce
Specialty Equipment Market Association (SEMA)
Stepone Tech Ltd.

OPPOSITION:

None received

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