SENATE COMMITTEE ON ENVIRONMENTAL QUALITY
Senator Blakespear, Chair
2025 - 2026 Regular

Bill No:	AB 2059		
Author:	Wilson		
Version:	4/22/2026	**Hearing Date:**	6/24/2026
Urgency:	No	**Fiscal:**	Yes
Consultant:	Brynn Cook		

SUBJECT: California Environmental Quality Act: transportation impacts: vehicle miles traveled: mitigation

DIGEST: This bill specifies that for purposes of the California Environmental Quality Act (CEQA), a transportation project is presumed to have a less than significant transportation impacts as determined by the Vehicle Miles Traveled (VMT) metric if the project meets certain criteria.

ANALYSIS:

Existing law:

1) Requires lead agencies with the principal responsibility for carrying out or approving a proposed discretionary project to prepare a negative declaration (ND), mitigated negative declaration (MND), or environmental impact report (EIR) for this action, unless the project is exempt from the California Environmental Quality Act (CEQA). (Public Resources Code § (PRC) 21000 et seq.)

2) Requires the Office of Planning and Research (OPR, now known as LCI) to prepare and develop proposed guidelines for the implementation of CEQA by public agencies. Requires the guidelines to include objectives and criteria for the orderly evaluation of projects and the preparation of EIRs and NDs. Also requires the guidelines to include criteria for public agencies to follow in determining whether a proposed project may have a significant effect on the environment. (PRC § 21083)

3) Requires LCI to prepare proposed revisions to the CEQA Guidelines establishing criteria for determining the significance of transportation impacts within transit priority areas (TPAs). Requires the criteria to promote the reduction of greenhouse gas (GHG) emissions, the development of multimodal transportation networks, and a diversity of land uses. (PRC § 21099)

4) Authorizes LCI to adopt CEQA Guidelines alternative methods of analyzing transportation impacts under CEQA including Vehicle Mile Traveled (VMT) Pursuant to this authority, LCI revised the CEQA Guidelines to identify VMT as the most appropriate metric to evaluate a project's transportation impacts and to apply VMT statewide. (PRC § 21099)

5) Establishes an in-lieu fee mechanism for VMT mitigation – permitting a project, which is under the jurisdiction of a regional transportation planning agency (RTPA) and has a VMT mitigation requirement pursuant to CEQA, to satisfy its VMT mitigation requirement by contributing an unspecified amount per VMT to the transit-oriented development (TOD) fund to provide financing for transit-oriented rental housing developments. (PRC 21080.43 and 21080.44)

This bill:

1) Specifies that for purposes of CEQA, a transportation project is presumed to have a less than significant transportation impact as determined by the VMT metric if the project meets the following:
   a) At least 80 percent of the project lies within one or more nonmetropolitan counties; and
   b) The project does not add lanes to the state highway system unless there is a demonstrated safety or evacuation need for the project.

2) Adds the following definitions:
   a) "Demonstrated evacuation need" means a project that is specifically identified as necessary to provide evacuation capacity for the affected area in an adopted local hazard mitigation plan, general plan safety element, local emergency operations plan, or other local or regional emergency evacuation plan approved by a city, county, or regional planning agency through a public process;
   b) "Demonstrated safety need" means a project for which the lead agency demonstrates, through documented collision, injury, or fatality data specific to the project location, or through a risk-based or systemic safety analysis consistent with state and federal guidance, that the proposed project includes safety countermeasures that are necessary to reduce the number and severity of injuries or the number of fatalities, including reducing specific risks to vulnerable road users;
   c) "Nonmetropolitan county" means a nonmetropolitan county designated by the Methodology for Determining Rural Status of Project Site for 2025

Applications issued by the California Tax Credit Allocation Committee on January 1, 2025 (including 22 rural counties); and

d) "Transportation project" means a project undertaken by a public agency that consists of the planning, design, construction, reconstruction, rehabilitation, improvement, expansion, or operation of a highway, road, bridge, transit facility, rail facility, bicycle or pedestrian facility, or other public transportation infrastructure.

Background

1) *The A, B, C's of CEQA.* CEQA is designed to (a) make government agencies and the public aware of the environmental impacts of a proposed project, (b) ensure the public can take part in the review process, and (c) identify and implement measures to mitigate or eliminate any negative impact the project may have on the environment. CEQA is enforced by civil lawsuits that can challenge any project's environmental review. Nonprofits, private individuals, public agencies, advocacy groups, and other organizations can all file lawsuits under CEQA.

   Under CEQA, projects (unless they have a specific exemption) must undergo environmental analysis. This process starts with an initial study which determines what level of further environmental review is needed for a given project. If a project has no significant effects on the environment, or if those effects can be fully mitigated, the project can move forward with a negative declaration (ND) or mitigated negative declaration (MND). If the initial study finds that the project has potential significant effects on the environment, then a full EIR is conducted. An EIR provides thorough environmental review of a proposed project. The EIR also includes proposed mitigation measures for any significant effects that it identifies and considers alternatives to the proposed project.

2) *What are significant transportation impacts in CEQA*. Transportation impacts are one of the key environmental impacts that must be considered under CEQA. In July 2020, the CEQA guidelines directed agencies to use VMT to analyze the transportation impacts of a project under CEQA, replacing an older metric for transportation impacts, Level of Service (LOS). While LOS measures the presence of traffic and how quickly cars can move through a street, VMTs are a metric that simultaneously considers greenhouse gas (GHG) emissions, the development of multimodal transportation networks, and diversity of land uses. VMT measures the amount of travel for all vehicles in a

geographic region over a given period (typically one year), and can be calculated for a region or on a per-capita basis.

To help lead agencies use VMTs as a tool to assess whether a project has significant transportation impacts under CEQA, LCI, released a "Technical Advisory on Evaluating Transportation Impacts in CEQA" (Technical Advisory) that includes a recommended threshold VMT level over which additional VMTs would be considered a significant transportation impact. The threshold for "significant transportation impacts" recommended by LCI for residential projects is a VMT level that is least 15% lower than existing VMTs per capita in the project area. In other words, if a project has an associated VMT rate that is only 14% lower than the VMT per capita in the project area, that project would be considered to have significant transportation impacts. For retail projects, any net increase in total VMT is considered a significant transportation impact. The pre-existing VMT per capita in an area used to measure the relative VMT impacts of the project may be measured as regional VMT per capita or as city VMT per capita. Having the option to compare a project's VMTs to regional or city VMT per capita gives projects some flexibility in achieving the 15% threshold and some variability across projects and regions.

These thresholds for VMT significance are recommendations, not requirements. Local entities can develop their own thresholds or VMT criteria. In fact, OPR writes in the Technical Advisory that "in rural areas… fewer options may be available for reducing VMT, and significance thresholds may be best determined on a case-by-case basis."

3) *How to mitigate VMTs?* If a project has VMT levels above the significance threshold, as determined by the lead agency under CEQA, then those impacts could be mitigated through CEQA. In its 'Technical Advisory', LCI provides a long list of actions a local government could take to reduce a project's VMT. These mitigation measures include, among others:
   a) Orient the project toward transit, bicycle and pedestrian facilities;
   b) Improve pedestrian or bicycle networks, or transit service;
   c) Project design (street grid instead of cul-de-sacs);
   d) Incorporate affordable housing into the project;
   e) Incorporate a neighborhood electric vehicle network;
   f) Provide traffic calming;
   g) Provide bicycle parking;
   h) Limit or eliminate the supply of parking;
   i) Implement or provide access to a commute reduction program;
   j) Provide car-sharing, bike-sharing, and ride-sharing programs;

k) Provide transit passes;
l) Shift single occupancy vehicle trips to carpooling or vanpooling; or
m) Provide telework options for office projects.

In addition to modifying projects to reduce VMTs, the Technical Advisory also discusses the potential of in-lieu fees program to offset VMTs, stating that:

> "Notably, because VMT is largely a regional impact, regional VMT-reduction programs may be an appropriate form of mitigation. In lieu fees have been found to be valid mitigation where there is both a commitment to pay fees and evidence that mitigation will actually occur. (Save Our Peninsula Committee v. Monterey County Bd. of Supervisors (2001) 87 Cal.App.4th 99, 140-141; Gentry v. City of Murrieta (1995) 36 Cal.App.4th 1359; Kings County Farm Bureau v. City of Hanford (1990) 221 Cal.App.3d 692, 727– 728.) Fee programs are particularly useful to address cumulative impacts. (CEQA Guidelines, § 15130, subd. (a)(3) [a "project's incremental contribution is less than cumulatively considerable if the project is required to implement or fund its fair share of a mitigation measure or measures designed to alleviate the cumulative impact"].) The mitigation program must undergo CEQA evaluation, either on the program as a whole, or the in-lieu fees or other mitigation must be evaluated on a project-specific basis. (California Native Plant Society v. County of El Dorado (2009) 170 Cal.App.4th 1026.) That CEQA evaluation could be part of a larger program, such as a regional transportation plan, analyzed in a Program EIR. (CEQA Guidelines, § 15168.)"

4) *VMT mitigation bank*. In 2025, the legislature passed AB 130 (Committee on budget, Chapter 22, Statutes of 2025) which established a VMT mitigation bank. The money that is put into the VMT bank through in in-lieu fees will be invested in affordable housing and related infrastructure projects in the following order of priority locations: (1) location-efficient areas within the same region as the impacting project; (2) other areas within the same region as the impacting project; (3) location-efficient areas within an adjacent region.

AB 130 tasked LCI with developing guidelines to implement the VMT mitigation bank, including defining an appropriate rate for the VMT in lieu fee and identifying a "location-efficient areas" where low-VMT housing funded through the VMT bank can be located, and proximity radius, which will determine how far apart projects funded through the VMT mitigation bank can be from projects that generated the funding through the VMT in lieu fee.

Money paid into the fund will be kept in separate accounts for each region, with prioritization given to projects in the same region as the project that generated the VMT in-lieu mitigation fee. "Regions" are defined as the territory of metropolitan planning organization (MPOs) within which a project is located, or the territory of the RTPA within which a project is located if the project is located outside of the boundaries of an MPO. LCI guidelines further separate Southern California Association of Governments (SCAG) region into sub-regions given that SCAG is significantly larger than the other MPOs.

LCI has published a draft AB 130 statewide VMT mitigation program guidance document which accepted public comment through May 8^{th} , 2026.

5) *CEQA and transportation projects*. The majority of transportation projects are exempt from CEQA. In October 2017, this committee conducted a survey of state agencies regarding CEQA to gain a better understanding of CEQA compliance and litigation. The survey covered a period of five years, Fiscal Years 2011/12 to 2015/16. The Department of Transportation (DOT) reported a total of 3,259 projects during the five-year period, and almost 90% of these projects were exempt from CEQA.

Since this survey was conducted, three Senate bills (SB 288, Wiener Chapter 200, Statutes of 202, and SB 922 Wiener, Chapter 987, Statutes of 2022, and SB71, Wiener, Chapter 742, Statutes of 2025) further expanded CEQA exemptions for certain clean and active transportation projects, including:

- Transit prioritization projects;
- Projects for the designation and conversion of general purpose lanes or highway shoulders to bus-only lanes;
- A public project for the institution or increase of new zero or low emission bus rapid transit (BRT), bus, or light rail service, shuttles, and ferries, including the construction of stations, as specified;
- A public project to construct or increase passenger rail service used for zero-emission or low emission trains; and
- A public project to construct or maintain infrastructure to charge or refuel zero-emission or low emission transit buses, trains, or ferries, as specified.

Further legislation in 2025 created a CEQA exemption for high-speed rail facilities (SB 131, Committee on Budget and Fiscal Review, Chapter 24, Statutes of 2025.

Comments

1) *Purpose of Bill.* According to the author, "California's transition to a Vehicle Miles Traveled (VMT) framework under CEQA, implemented pursuant to SB 743 (Steinberg, 2013), was intended to better align transportation and land use decisions with the state's climate goals. While that objective remains important, the current, project-level application of VMT mitigation has created unintended consequences that are undermining the delivery of critical transportation infrastructure, particularly in rural communities.

   "AB 2059 strikes a balanced path forward by maintaining California's commitment to reducing greenhouse gas emissions while ensuring that the state's smallest counties can deliver safe, reliable, and resilient transportation infrastructure. For these reasons, AB 2059 is a necessary and timely reform."

2) *Is AB 2059 jumping the gun on AB 130?* Last year, the Legislature passed AB 130, which established a VMT mitigation bank wherein developers could pay in lieu fees into the VMT bank instead of mitigating VMTs directly. That fund is then intended to subsidize location-efficient housing (e.g. housing in infill areas that have low VMTs). LCI has released draft regulations to implement the VMT bank, but the program has not yet been finalized.

   One of the benefits of a VMT bank is to provide developers with another option to mitigate VMTs, particularly when direct VMT mitigation can be very expensive for some projects. The VMTs associated with projects in rural areas are higher than those in urban areas, and the relative costs associated with mitigating those VMTs are also higher. The VMT mitigation bank may be especially useful tool to developers in rural areas, where direct mitigation options are more limited and more expensive. By allowing transportation projects in rural areas to presume that their transportation impacts are not significant, AB 2059 would cut these projects out of the soon-to-be finalized VMT mitigation bank before it is possible to determine if the VMT mitigation bank is a viable option to reduce costs for such projects.

   Given that the Statewide VMT mitigation bank is still being developed, and may provide more opportunities for mitigation in rural areas in the future, ***the author and committee may wish to create a pilot program, waiving VMT mitigation for transportation projects, as defined, in some just one rural region, for the next five years, and requiring the project applicants to submit to LCI and the Legislature, reports on the specifics of the project using this VMT mitigation waiver, the number of miles of road built, and the potential waived VMT mitigation costs associated with the pilot project, among other data.***

3) *Evacuation routes: ingress or egress*? This bill specifies that new highway lanes would still have to mitigate their VMTs under CEQA… unless those transportation projects are for public safety as determined by data on car accidents, or necessary for a demonstrated evacuation need. Projects are deemed to be necessary for evacuation needs if they are in an adopted local hazard mitigation plan or similar existing local planning document. However, even with these criteria in place, it is possible that new highway lanes, built as egress routes, could also act as ingress routes, leading to more traffic coming into an area. Increasing access to an area by building more freeway lanes could drive more development and migration to that area, increasing the population of the area and ultimately resulting in no net gains in access to evacuation routes.

   To ensure that additional freeway lanes that are built without mitigating their VMTs through CEQA are restricted only to essential safety and evacuation routes, rather than freeway lanes that increase access to more remote areas, ***the author and committee may wish to specify that only highway lanes that are essential evacuation routes and proportional to the existing population of the egress areas are eligible to waive their VMT mitigation requirements under CEQA.***

4) *Committee amendments.* ***Staff recommends the committee adopt the bolded amendments contained in comment 2 and 3 above.***

Related/Prior Legislation

AB 130 (Committee on budget, Chapter 22, Statutes of 2025) establishes, among numerous other provisions, an in-lieu fee mechanism for VMT mitigation – permitting a project, which is under the jurisdiction of a regional transportation planning agency (RTPA) and has a VMT mitigation requirement pursuant to CEQA, to satisfy its VMT mitigation requirement by contributing an unspecified amount per VMT to the transit-oriented development (TOD) fund to provide financing for transit-oriented rental housing developments. (PRC 21080.43 and 21080.44)

SOURCE: Transportation California

SUPPORT:

California Nevada Cement Association (CNCA)
Transportation California

OPPOSITION:

None received

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