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

AB 2059 (Wilson) - California Environmental Quality Act: transportation impacts: vehicle miles traveled: mitigation

Version: April 22, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: E.Q. 5 - 0
Mandate: Yes
Consultant: Ashley Ames

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

Fiscal Impact:

- The Office of Land Use and Climate Innovation (LCI) estimates one-time costs of approximately $74,500 (General Fund) to update its CEQA Guidelines to account for the changes proposed by this bill.

- The Department of Transportation (Caltrans) anticipates minor and absorbable costs to update its guidelines and procedures. Typically, transportation projects satisfy their VMT mitigation obligations by contributing to, among other things, local or regional active transportation improvements, transit service enhancements, transit-oriented development, and transportation demand management programs. For Caltrans-led projects captured under this bill, Caltrans assumes the less-than-significant transportation impact presumption may result in indeterminate cost savings to the department from having to conduct less or no VMT mitigation for the project. CalTrans notes that this bill may result in minor cost savings for qualifying rural projects, including certain expansion projects with safety or emergency criteria.

Background: CEQA requires environmental review of projects unless exempt, and transportation impacts are one of the effects agencies must analyze. Since July 2020, the CEQA guidelines direct agencies to measure those impacts using VMT rather than the older Level of Service metric. LCI's Technical Advisory recommends that residential projects be treated as having significant impacts unless their VMT runs at least 15% below existing per capita VMT in the project area, and that any net increase in total VMT be considered significant for retail projects. Agencies may compare against either regional or citywide per capita VMT, and the thresholds are recommendations rather than requirements — local entities may set their own, and OPR notes that rural areas, with fewer VMT-reduction options, may be better served by case-by-case thresholds.

Projects exceeding the threshold must mitigate, either by redesign — transit, bicycle, and pedestrian orientation, affordable housing, reduced parking supply, commute reduction and shared mobility programs, telework — or through in-lieu fees. The Technical Advisory notes that because VMT is largely a regional impact, regional reduction programs can serve as mitigation, and courts have upheld in-lieu fees where there is both a commitment to pay and evidence mitigation will actually occur; such fee programs are particularly useful for cumulative impacts, though the mitigation program itself must undergo CEQA review.

AB 130 (Committee on Budget, Chapter 22, Statutes of 2025) built on this by creating a statewide VMT mitigation bank. In-lieu fees paid into the bank fund affordable housing and related infrastructure, prioritized first in location-efficient areas within the impacting project's region, then elsewhere in that region, then location-efficient areas in an adjacent region. Funds are held in separate regional accounts, with regions defined by MPO territory (or RTPA territory outside MPO boundaries) and the SCAG region further subdivided. LCI must set the in-lieu fee rate, define location-efficient areas, and establish a proximity radius limiting how far funded projects can sit from the projects that generated the fees; its draft statewide guidance took public comment through May 8, 2026.

Fiscally, the practical reach of all this is limited on the transportation side, since most transportation projects are exempt from CEQA. The California Senate Environmental Quality Committee conducted a survey in 2017 that found nearly 90% of Caltrans' 3,259 projects over five years were exempt. Since then, SB 288 (2020), SB 922 (2022), SB 71 (2025), and SB 131 (2025) have expanded exemptions further for transit, active transportation, zero-emission infrastructure, and high-speed rail.

Proposed Law: This bill would provide that, for purposes of CEQA, a transportation project would be presumed to have a less-than-significant transportation impact as determined by the VMT metric if at least 80% of the project lies within one or more "nonmetropolitan counties."

In addition, this bill would:

1. Provide that the above provision would not apply to a transportation project that adds one or more general purpose lanes to the state highway system unless there is a demonstrated safety or evacuation need for the project.

2. Define "demonstrated evacuation need," "demonstrated safety need," "nonmetropolitan county," and "transportation project" for purposes of this bill.

Related 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)

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