
THIRD READING

Bill No: AB 2059
Author: Wilson (D), et al.
Amended: 8/25/26 in Senate
Vote: 21

SENATE ENVIRONMENTAL QUALITY COMMITTEE: 5-0, 7/1/26

AYES: Blakespear, Valladares, Dahle, Gonzalez, Hurtado

NO VOTE RECORDED: Allen, Menjivar

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/13/26

AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 72-0, 5/18/26 - See last page for vote

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

SOURCE: Author

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: this provision will sunset once the California Department of Transportation (Caltrans) publishes guidance on VMT mitigation for transportation projects meeting that same 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) Requires Caltrans to develop guidance for non-metropolitan areas on VMT mitigation for transportation projects that do not add lanes to the state highway system, unless there is a demonstrated safety or evacuation need for the project. Specifically, this bill requires Caltrans in their guidance to:
 - a) Provide case studies of the costs associated with VMT mitigation for these projects and provide examples of mitigation measures for these types of projects.

- b) Identify barriers to implementing VMT mitigation for these projects
 - c) Develop recommendations for processes for lead agencies and developers to identify and implement appropriate VMT mitigation for these types of projects.
 - d) Develop recommendations for appropriate VMT significance thresholds for these transportation projects.
- 2) Specifies that, until December 31, 2031, a transportation project for which a lead agency has issued a notice of preparation, as defined, 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 70% 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.
- 3) 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

CEQA 101. 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.

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.”

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.

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-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 8th, 2026.

Ongoing investigations at Caltrans re: VMT in rural areas. In May 2025, the SB 743 Implementation Working Group Rural VMT Action Subcommittee was formed to develop a response to CAPTI 2.0 Key Action S2.2. This identifies key actions to: Improve VMT analysis and mitigation guidance for rural projects to better account for the low VMT impact of many rural projects in consultation with rural stakeholders. The working group will improve guidance on VMT analysis and mitigation options for projects on the State Highway System (SHS) within rural areas in California. This stakeholder working group is a subcommittee to the ongoing Caltrans-LCI SB 743 Implementation Working Group.

On June 30, 2026, a study by UC Berkeley that had been commissioned by Caltrans was published titled: “Investigating the Ability to Assess VMT Impacts of Rural Capacity-Enhancing Projects” It was commissioned by Caltrans as required by CAPTI 2.0 action item, and concludes:

While California is making progress meeting the goals of VMT reduction from CAPTI investments, much of the significant reductions are tied to mitigation or avoidance of projects in urbanized areas. A one-size-fits all strategy may not be suitable for rural projects. The existing research on induced travel demand and VMT reduction is primarily from studies conducted in urban and metropolitan areas where highway capacity has been added with the goal to relieve congestion. Implementation of these strategies in rural areas require more nuanced guidance given the limited research.

Comments

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.”

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. By allowing transportation projects in rural areas to presume that their transportation impacts are not significant until 2032, AB 2059 would take 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.

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)

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

According to the Senate Appropriations Committee:

- One-time costs, possibly in the high tens of thousands or low hundreds of thousands of dollars (General Fund), for the Department of Transportation (Caltrans) and the Office of Land Use and Climate Innovation (LCI) to develop, publish, and integrate CEQA guidance, as well as to update guidelines and procedures.

SUPPORT: (Verified 8/25/26)

California Nevada Cement Association
Transportation California
Tulare; City of

OPPOSITION: (Verified 8/25/26)

None received

ASSEMBLY FLOOR: 72-0, 5/18/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Ta, Tangipa, Valencia, Wallis, Ward, Wilson, Zbur, Rivas

NO VOTE RECORDED: Calderon, Dixon, Gallagher, Lee, Quirk-Silva, Celeste Rodriguez, Stefani, Wicks

Prepared by: Brynn Cook / E.Q. / (916) 651-4108
8/26/26 9:20:14

**** END ****