
**SENATE COMMITTEE ON
BUSINESS, PROFESSIONS AND ECONOMIC DEVELOPMENT**
Senator Dr. Aisha Wahab, Chair
2025 - 2026 Regular

Bill No:	AB 2163	Hearing Date:	June 29, 2026
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Version:	April 27, 2026		
Urgency:	No	Fiscal:	Yes
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Subject: Energy: Strategic Clean Energy and Critical Mineral Development Zones

SUMMARY: Requires the California Energy Commission (CEC), in consultation with the Governor’s Office of Business and Economic Development (GO-Biz) and other relevant state agencies, to identify and designate Strategic Clean Energy and Critical Mineral Development Zones capable of supporting large scale clean energy production, critical mineral development, and related industries.

NOTE: *This bill was heard in the Senate Committee on Energy, Utilities and Communications on June 24, 2026, and passed on a 17-0 vote.*

Existing law:

- 1) Establishes GO-Biz within the Governor’s office for the purpose of serving as the lead state entity for economic strategy and marketing of California on issues relating to business development, private sector investment and economic growth. (Government Code (GC) §§ 12096 et. seq)
- 2) Authorizes GO-Biz to develop content in order to provide information and resources to inform the general public about place-based and other geographically, including but not limited to, federal Promise Zones within California that are designated by the United States Department of Housing and Urban Development; and Opportunity Zones designated by the United States Treasury. Requires GO-Biz to convene, at least annually, representatives from various programs and agencies across the state and from various federal programs and agencies for the purpose of discussing how California can leverage Promise Zones and Opportunity Zones to meet state and local community and economic development needs. (GC § 12097.5)
- 3) Establishes the Resources Agency the State Energy Resources Conservation and Development Commission also known as the CEC, consisting of five members appointed by the Governor. (Public Resource Code (PRC) § 25200)
- 4) Establishes the “Blue Ribbon Commission” on Lithium Extraction in California composed of 14 members tasked to review, investigate, and analyze the following issues related to lithium extraction and use in California including but not limited to, the potential economic and environmental impact to the state resulting from extraction, processing, and production of lithium and lithium-dependent products from geothermal brines and the importance of and opportunities for, the application of local, state, and federal incentives and investments to facilitate lithium extraction from geothermal

brines. Requires the Blue Ribbon Commission to submit a report to the Legislature documenting findings. (PRC § 25232)

This bill:

- 1) Requires the CEC, in consultation with GO-Biz, and other relevant state agencies, to identify and designate Strategic Clean Energy and Critical Mineral Development Zones.
- 2) Requires a Strategic Clean Energy and Critical Mineral Development Zone to consist only of geographic areas located within the jurisdictional boundaries of the county submitting the request for designation, as specified.
- 3) Requires that the designation process established be applied on a statewide basis to identify zones capable of supporting large scale energy production, critical mineral development, and related industries.
- 4) A proposed zone may be designated as a Strategic Clean Energy and Critical Mineral Development Zone if the following criteria is met : the zone is located within the county submitting the request for designation and the county has been identified by state or federal agencies as containing significant deposits or identified production potential of critical minerals used in battery, clean energy, or advanced manufacturing supply chains; and the following additional criteria of which two or more must be met:
 - a) The county submitting the request for designation contains baseload renewable electrical generation facilities, including geothermal resources, with a combined capacity of at least 250 megawatts.
 - b) The county submitting the request for designation has identified geothermal resource potential exceeding 1,000 megawatts, as estimated by the CEC, the United States Geological Survey, or other recognized authorities.
 - c) The proposed zone is located in proximity to existing high-voltage electrical transmission infrastructure of 230 kilovolts or greater capable of supporting large-scale renewable energy generation or industrial load.
 - d) The proposed zone is the subject of an adopted or proposed regional planning effort, including a specific plan or programmatic environmental review, that evaluates renewable energy production, critical mineral extraction, advanced manufacturing, or related industries.
- 5) The criteria described above shall be based on resources, infrastructure, or planning efforts located within the jurisdictional boundaries of the county submitting the request for designation.
- 6) Authorizes the county, in which a proposed zone is located to submit a request for designation of a Strategic Clean Energy and Critical Mineral Development Zone, as specified, and authorizes the county board of supervisors, by resolution, to authorize the request for designation. Allows cities, joint powers authorities,

composed of public agencies, and regional planning agencies, established pursuant to state law, to participate in the preparation of the request for designation and be identified as supporting entities with the submission. Establishes that the county submitting the request for designation serve as the lead coordinating entity for activities, including coordination with participating local jurisdictions and state agencies.

- 7) Authorizes counties to submit requests for designation on an ongoing basis. Requires the CEC to approve or deny a submitted request for designation within 180 days of receiving a complete submission and allows the CEC to independently identify and designate qualifying proposed zones, as specified.
- 8) Prohibits the CEC from accepting multiple requests for designation covering substantially the same geographic area unless those requests are submitted jointly by the relevant public agencies.
- 9) Authorizes CEC to review the designations of Strategic Clean Energy and Critical Mineral Development Zones at least every five years and may update those designations as appropriate based on changes in energy resources, infrastructure, or economic development planning.
- 10) Requires state agencies administering programs related to economic development, advanced manufacturing, workforce development, or critical mineral supply chains to give priority consideration, to the extent consistent with law, to projects, infrastructure investments, and technical assistance located within designated Strategic Clean Energy and Critical Mineral Development Zones that support large-scale clean energy production or energy-intensive industrial development.
- 11) Authorizes GO-Biz to consider designated Strategic Clean Energy and Critical Mineral Development Zones when administering programs intended to support advanced manufacturing, clean technology industries, energy storage supply chains, and other energy-intensive industries.
- 12) Authorizes GO-Biz to coordinate with the CEC and other relevant state agencies to support site readiness, infrastructure development, and attracting investment within designated Strategic Clean Energy and Critical Mineral Development Zones.

FISCAL EFFECT: According to the Assembly Committee on Appropriations, this bill will incur ongoing General Fund costs of an unknown amount, possibly in the hundreds of thousands of dollars, for CEC to review and designate proposed zones. Likely minor and absorbable costs to GO-Biz and other relevant state agencies to consult with CEC.

COMMENTS:

1. **Purpose.** The County of Imperial is the sponsor of this bill. According to the Author, "As California continues to move towards clean and renewable energy, we must ensure that we are properly taking advantage of the natural resources that California has been blessed with. Imperial County is one of the most lithium and

geothermal rich regions in the entire world, so it is critical that the County and areas like it are prioritized as the state plans the future of energy policy. This bill creates a standard for counties throughout the state to meet in order to be designated as a Strategic Clean Energy and critical Mineral Development Zone. Counties that receive this designation and the energy infrastructure that they are capable of housing will be essential as California strives for its energy goals. California is naturally blessed with abundant energy resources and if we are going to reach our goals, those resources and the region that contain them must be fully utilized and included in the planning and development process.”

2. **Background.** In February 2010, the Little Hoover Commission undertook a review of the state's economic and workforce development programs. In its final report, *Making up for Lost Ground: Creating a Governor's Office of Economic Development*, it analyzed the status and effectiveness of current programs since the 2003 demise of the Technology, Trade and Commerce Agency and recommended the creation of a new governmental entity to fill the void left by the dismantled agency.

The report called for a single entity that would promote greater economic development, foster job creation, serve as a policy advisor and deliver specific services (i.e., permitting, tax, regulatory, and other information) directly to the California business community. In April 2010, Governor Schwarzenegger issued Executive Order S-05-10 as a means to operationalize the report recommendations including the creation of the Governor's Office of Economic Development (GOED).

In October 2011, the Governor signed AB 29 (John A. Pérez, Chapter 475, Statutes of 2011), which effectively codified GOED and changed its name to GO-Biz. Since its inception, the office has served thousands of businesses, 95 percent of which are small businesses. The most frequent types of assistance include help with permit streamlining, starting a business, relocation and expansion of businesses, and regulatory challenges.

In March 2012, Governor Brown initiated a reorganization process to realign the state's administrative structure. Key changes include dismantling of the Business, Transportation and Housing Agency and the shifting of a number of key programs to GO-Biz including the Small Business Loan Guarantee Program, the California Travel and Tourism Commission, the California Film Commission, the Film California First Program, and the Infrastructure and Economic Development Bank (IBank). Currently, GO-Biz administers the following programs and units:

- Made In California program for the purpose of encouraging consumer product awareness and to foster the purchases of products manufactured in California.
- The California Inclusive Innovation Hub Program (iHub2) to incubate and/or accelerate technology and science-based firms, with a focus on underserved regions and communities.

- The California Competes Tax Credit Program under which “businesses who want to come to California or stay and grow in California” can receive an income tax credit.
- The California Business Investment Services Unit, which provides no-fee, tailored site selection services to employers and others who may be considering California for relocation or expansion.
- The California Business Portal, which provides information to California businesses about common questions, permitting, financial options, and more.
- The California Community Reinvestment Grants Program, which was included in Proposition 64, authorized GO-Biz to award grants to local health departments and certain nonprofit organizations to support communities disproportionately affected by the War on Drugs.
- Office of the Small Business Advocate which provides information and assistance to small businesses.
- The Zero Emission Vehicles (ZEV) Infrastructure Unit which works to accelerate the deployment of ZEV infrastructure.
- The International Affairs and Business Development Unit, which serves as California’s primary point of contact for expanding international trade and investment relations. This unit focuses on foreign direct investment (services for foreign investors, foreign investment technical assistance, and the EB-5 Investor Visa Program), international trade promotion (STEP program, trade missions, export assistance, and the California-China Trade Office), and international agreements.

In 2022, GO-Biz established the Community and Place-Based Solutions Team (Team) to support local governments, non-profits, community-based organizations, colleges and universities, and other economic development partners in their community development needs. The Team provides key technical assistance for community and economic development planning. According to the Team’s website, place-based economic development strategies are initiatives to encourage economic and community development activity in defined geographic areas. Many communities have started emphasizing place-based strategies to strengthen hyperlocal activities around physical place, economic conditions and social infrastructure. Place-based economic development strategies include a variety of approaches to incentivize investment in disadvantaged communities, including funding for infrastructure & public facilities, job creation & workforce development, affordable & workforce housing, and more.

In February 2025, the *California Jobs First State Economic Blueprint* was released, following the establishment of a state Regional Investment Initiative (RII) in 2021. The report noted that the RII brought together “a diverse set of community members to build the economic vision for their region”. 13 economic regions were identified: North State, Redwood, Capital, Sierra, Bay Area, North San Joaquin, Central San

Joaquin, Central Coast, Kern County, Los Angeles County, Inland SoCal, Orange County, and Southern Border.

Promise Zones and Opportunity Zones as Efforts to Increase Economic Development. In the last decade, efforts such as Promise Zones and Opportunity Zones have emerged as a way to support the country's most disadvantaged and economically-distressed geographical locations and communities. Generally speaking, Promise Zones are high-poverty areas that are eligible for various tax credits in order to create jobs and spur investment. These zones also receive governmental aid and partnership in the form of assistance to reduce crime and recidivism, as well as increase educational opportunities. There are currently 22 Promise Zones in the United States.

Originally created via the federal 2017 Tax Cuts and Jobs Acts, Opportunity Zones are economically-distressed areas where private investments may be eligible for capital gain tax incentives, under certain conditions. According to the Brookings Institute, "Opportunity Zones offer favorable capital gains treatment for taxpayers with unrealized gains who invest in designated low-income communities." Only investors with pre-existing capital gains and those who anticipate facing future capital gains taxes qualify for Opportunity Zone tax benefits. Both of these efforts are examples of programs meant to increase economic development in areas that need assistance.

Salton Sea and Lithium. Global demand for lithium is expected to grow as much as ten-fold over the next decade, particularly with the increasing use of lithium in batteries in multiple energy and transportation applications. An increase in demand for lithium coupled with advances in processes and technologies for lithium recovery, may provide California with a unique opportunity to foster a more environmentally-sound lithium product coupled with geothermal electricity production. Increased recovery of lithium from geothermal brine is also expected to generate revenue and local in-state economic development opportunities in an economically-depressed area, and the potential to produce a world-class source of battery-grade lithium within California.

California has vast lithium deposits – potentially as much as one third of the world's current lithium demand according to some industry estimates. Most of these deposits are located in, and around, the Salton Sea. The Salton Sea, California's largest lake, is located in a desert sink in the Southern California counties of Imperial and Riverside. The Salton Sea is 35 miles long and 15 miles wide. The Salton Sea has been shrinking for decades and the impacts create both an environmental and public health disaster with significant costs. The Salton Sea has no outlets and because of its location in an area of high evaporation, has been accumulating soluble salts and insoluble constituents in its bottom sediment for more than 100 years. The Salton Sea is seen as presenting a unique opportunity to extract lithium from the brine that is already being produced by geothermal power plants around the Salton Sea.

Assembly Bill 1657 (E. Garcia, Chapter 271, Statutes of 2020) required the California Energy Commission to convene the Lithium Valley Commission. The Lithium Commission's report was published in December 2022 and presented a

series of key findings and recommendations. The report notes that “The recovery of lithium from geothermal brine using [direct lithium extraction (DLE)], and the growth of a regional economic hub or cluster that includes additional lithium processing and production of mineral compounds in developing Lithium Valley could lead to substantial economic growth in the region. There may also be additional economic activity associated with the recovery of other minerals from geothermal brine and the development of manufacturing plants that use Imperial County lithium and other minerals from recovered from geothermal brine.” According to the report, “...it is imperative that new geothermal lithium recovery and related projects prioritize development and hiring of a local workforce, provide resources to support development of necessary training and educational opportunities, and commit to requirements for strong workforce and labor standards that produce high-quality jobs and careers.”

Among other recommendations, the report specifically recommends the establishment of a Southeast California Economic Zone, which includes Imperial County and Eastern Coachella and Palo Verde Valleys. This regional economic zone should be recognized by federal, state, and local governments, and eligible to compete for funding and investments. The goals of the regional economic zone should balance representation from labor, business, community, government, Tribes, and other stakeholders. With respect to lithium recovery, investments should be prioritized in the communities closest to geothermal power plants and DLE facilities. Incentives should be provided for direct DLE development, and indirect development, and include incentives for childcare, research and development, and construction and non-construction apprenticeships. The report also recommends that the state and county establish a business service center in Imperial County to facilitate access to business development incentive programs to benefit residents of disadvantaged communities, Tribal members, small businesses, and entrepreneurs.

- 3. Arguments in Support.** The County of Imperial writes in support, “AB 2163 establishes a forward-looking framework to designate Strategic Clean Energy and critical Mineral Development Zones, creating a coordinated, statewide approach to advancing clean energy production, critical mineral development, and related industrial growth. This legislation reflects both the urgency and opportunity facing California as it works to meet its ambitious decarbonization goals while strengthening domestic supply chains. AB 2163 provides the structure needed to align state policy with regions that have the resources, infrastructure, and planning foundation to deliver on these objectives. Through the County’s ongoing planning efforts, including the Lithium Valley Specific Plan and Program Environmental Impact Report, we have already taken proactive steps to evaluate land use, infrastructure, and environmental considerations at a programmatic level. AB 2163 builds on this work by creating a pathway for regions like ours to be formally recognized and prioritized for state coordination, investment, and economic development ensuring that counties play a central role in initiating and coordinating these designations, recognizing that local governments are best positioned to align land use, infrastructure, and community priorities.”

Geothermal Rising Action notes, “For Imperial County, AB 2163 presents a significant opportunity to realize the full potential of “Lithium Valley” by strategically linking geothermal energy expansion with critical mineral extraction and processing.

The establishment of Strategic development Zones would provide a clear pathway for coordinating transmission and grid infrastructure investments, strengthening local supply chains, and attracting advanced manufacturing facilities to the Salton Sea region. Without such a coordinated framework, California risks delaying complex, co-located geothermal and lithium projects due to fragmented agency review processes and misaligned permitting timelines, slowing down the deployment of firm, zero-emission resources that enhance grid reliability and resilience.”

4. **Policy Comments.** This bill may duplicate authorities and initiatives already vested in GO-Biz, the California Energy Commission (CEC), and other state agencies. Existing law establishes GO-Biz as the state's lead entity for business development, economic strategy, private sector investment, and economic growth. GO-Biz administers numerous programs designed to promote place-based economic development, including the California Business Investment Services Unit, the California Competes Tax Credit Program, the Community and Place-Based Solutions Team, and implementation of the California Jobs First Regional Investment Initiative. In addition, Government Code Section 12097.5 authorizes GO-Biz to coordinate geographically targeted economic development efforts, including Opportunity Zones and other place-based initiatives, and to convene state and federal partners to leverage those programs.

AB 2163 would establish another geographic designation program with similar coordination objectives, raising the question of whether existing statutory authority could accomplish many of the bill's stated goals without creating an additional designation process. Because GO-Biz already serves as the state's lead economic development entity and possesses broad authority to coordinate strategic economic development efforts, it is unclear whether creation of a new statutory designation would provide meaningful new authority or whether the bill's objectives could instead be achieved through existing administrative programs and coordination among state agencies. California has recently undertaken significant planning efforts through the California Jobs First State Economic Blueprint and the Lithium Valley Commission, both of which were intended to identify regional economic development priorities and coordinate state investment strategies. To the extent those efforts are ongoing, it is unclear whether an additional statutory designation process is necessary to advance the same objectives.

SUPPORT AND OPPOSITION:

Support:

County of Imperial
Geothermal Rising

Opposition:

None