

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
 Buffy Wicks, Chair
 AB 2366 (Ávila Fariás) – As Introduced February 19, 2026

Policy Committee:	Economic Development, Growth, and Household Impact	Vote: 7 - 0
	Judiciary	11 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill requires a state agency, before submitting a proposal to adopt, amend, or repeal a regulation to the Office of Administrative Law (OAL) to consider the proposal’s cost-of-living impacts on residents of the state.

The bill requires the Legislative Analyst’s Office (LAO) to adopt a standardized cost-of-living methodology for us by all agencies, which must include a process for determining whether the cost-of-living impacts are significant. The bill also prescribes a review process by the LAO for agencies proposing to adopt, amend, or repeal a major regulation and requires the Department of Finance to develop and maintain a regulatory economic burden tracker to gather and analyze the cumulative economic burden of regulations by sector of the economy for posting on its internet website.

FISCAL EFFECT:

- 1) Ongoing General Fund costs of an unknown but likely significant amount, possibly in the hundreds of thousands of dollars, to OAL to conduct expanded proposal reviews including cost-of-living impacts on residents of the state.
- 2) Ongoing General Fund and special fund costs of an unknown but significant amount, likely in the millions to tens of millions of dollars, to state agencies tasked with promulgating regulations, cumulatively statewide.

According to the California Privacy Protection Agency (CalPrivacy), this bill’s requirements would create one-time General Fund costs of \$222,000 and \$214,000 ongoing annually to hire one additional staff to serve as an economist to conduct the new cost-of-living analyses for the agency’s rulemakings.

Additionally, the bill places a significant reporting and review burden on the LAO that would likely impact the LAO’s ability to perform its core missions—analysis of the state budget and ballot initiatives—and otherwise provide analytical support to the Legislature.

COMMENTS:

- 1) **Purpose.** According to the author:

While state agencies must consider economic impacts of their regulations, there is no real oversight of this process nor do those analyses require the consideration of the regulation on cost of living. AB 2366 helps achieve the state's affordability goals by requiring state agencies to specifically examine what impact their proposed regulation would have on the cost of living for Californians.

- 2) **Background.** Cost-of-living in California and across the U.S. has increased substantially since the COVID-19 pandemic. According to the Brookings Institute, most price increases resulted from “sharp increases in global commodity prices and sectoral price spikes driven by a combination of pandemic-induced kinks in supply chains and a huge shift in demand during the pandemic to goods from services.” While some recently enacted federal policies and decisions have led to increased consumer costs, the war in Iran and tariffs, for example, the connection of state agency rulemaking and cost-of-living is less clear. This bill requires any state agency proposing to promulgate regulations first consider the proposal's cost-of-living impacts on residents of the state.

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