

## CONCURRENCE IN SENATE AMENDMENTS

AB 2589 (Irwin)

As Amended June 29, 2026

Majority vote

**SUMMARY**

This bill requires the California Public Utilities Commission (CPUC) to evaluate the effect of all federal legislation that becomes law, including federal House Resolution 1 (Public Law 119-21) (also known as the One Big Beautiful Bill Act), on the expenses and tax liabilities incurred by public utilities for payment of federal taxes. If the CPUC determines that the projected expenses and tax liabilities for federal taxes are affected, it would require the CPUC to adjust the rates of the utility, as appropriate.

**Senate Amendments**

This bill had minor amendments in the Senate to move the bill from a new code section, to amending an existing code section established by SB 1028 (Hill) Chapter 411, Statutes of 2018.

**COMMENTS**

This bill expands on previously passed legislation, SB 1028 (Hill) Chapter 411, Statutes of 2018, to ensure the CPUC not only monitors the federal expense and tax liabilities of utilities but also makes appropriate adjustments to rates to reflect any changes.

SB 1028 ensured the CPUC adjusted rates after the corporate tax cuts provided by Federal House Resolution 1 (Public Law 115-97), also known as the Tax Cuts and Jobs Act. The present bill expands the scope of SB 1028 to apply to all federal legislation, including the recently passed Federal House Resolution 1 (Public Law 119-21), also known as the One Big Beautiful Bill Act. By applying to all federal legislation, this bill directs the CPUC to monitor changes in federal tax liability and ensure rates are adjusted to accurately reflect changes in projected expenses and liabilities, therefore codifying that any savings received by utilities are passed along to ratepayers.

**According to the Author**

According to the author, "In recent years, federal tax laws have reduced the federal tax liability of an investor-owned utility, causing the IOU's overall costs to be lower than what it was authorized by the CPUC to collect through rates. However, there is no ongoing requirement in California law that any money that an IOU saves from reduced federal tax liability be returned to ratepayers. AB 2589 will ensure that any money an IOU saves as a result of the second term Trump tax bill in 2025, or any other changes to federal law, is refunded to California ratepayers rather than kept as additional profit for the utility. This mirrors SB 1028 (Hill), which the Legislature passed in response to the first Trump Administration tax cuts in 2017 and which returned more than \$1 billion to ratepayers from the IOUs' reduced federal tax liability."

**Arguments in Support**

None on file

**Arguments in Opposition**

None on file

**FISCAL COMMENTS**

According to the Senate Committee on Appropriations, the CPUC estimates ongoing costs of about \$1 million annually and one-time costs of about \$257,00 over a period of two years to retain a specialized tax consultant to monitor the effect of all federal legislation on utility expenses and tax liabilities, and to re-open prior General Rate Case proceedings to evaluate whether approved revenue requirements should be adjusted in light of Public Law 119-21 or other federal laws.

**VOTES:****ASM UTILITIES AND ENERGY: 18-0-0**

**YES:** Petrie-Norris, Patterson, Boerner, Calderon, Chen, Davies, Mark González, Harabedian, Hart, Irwin, Kalra, Papan, Rogers, Schiavo, Schultz, Ta, Wallis, Zbur

**ASM APPROPRIATIONS: 15-0-0**

**YES:** Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

**ASSEMBLY FLOOR: 76-0-4**

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

**ABS, ABST OR NV:** Muratsuchi, Pacheco, Celeste Rodriguez, Zbur

**UPDATED**

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