SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2635 (Celeste Rodriguez) - Air pollution: small off-road engines: voucher programs: local regulation

Version: July 2, 2026	**Policy Vote:** E.Q. 7 - 0, L. GOV. 5 - 0
Urgency: No	**Mandate:** Yes
Hearing Date: August 3, 2026	**Consultant:** Ashley Ames

Bill Summary: This bill would require large and medium air districts, as defined, to offer commercial vouchers for zero-emission small off-road equipment (SORE), as specified; prohibit air districts from collecting or disclosing specified information from applicants; limit penalties for violations of local ordinances, as specified.

Fiscal Impact:

- This bill would create significant ongoing cost pressures (General Fund or special fund) on CARB, perhaps in the hundreds of thousands or millions of dollars annually.
    - If the Legislature makes an appropriation pursuant to AB 2635, CARB assumes that it would be provided the funding for dissemination to the districts. For example, CARB has been designated as the State agency for funding distribution to the local air districts to support their air pollution control programs pursuant to HSC 39800 et al, which is the subvention program. Additionally, CARB distributes Carl Moyer funding to the air districts, as well as other incentive funding. CARB could incur resource impacts from the bill due to potential grant agreements, grant oversight, fiscal tracking, and reporting.
- To the extent the Commission on State Mandates determines that the provisions of this bill create a new program or impose a higher level of service on local agencies, local agencies could claim reimbursement of those costs, which could have a General Fund impact. Local air districts could incur unknown but potentially significant costs developing and implementing the program due to the bill's program requirements such as language assistance to applicants as California has numerous languages spoken in the State, as well as implementing the business verification provisions while still meeting requirements for transparency of public funds and accountability. These local costs are potentially reimbursable by the state, subject to a determination by the Commission on State Mandates. The magnitude of these costs is unknown but could be in the hundreds of thousands to millions of dollars annually (General Fund).

Background:

Carl Moyer Program. The Moyer Program provides grants to private companies and public agencies to clean up polluting engines beyond what is required by law through retrofitting, repowering or replacing their engines with newer and cleaner ones. These grants are issued locally by air districts. Moyer's primary objective is to obtain cost-effective and surplus emission reductions to be credited toward California's obligations in the State Implementation Plan (SIP) – California's road map for attaining health-based national ambient air quality standards. Covered pollutants include oxides of nitrogen (NOx), reactive organic gases (ROG), and particulate matter (PM). Moyer is implemented as a partnership between CARB and California's 35 air districts working collaboratively with stakeholders to set guidelines and ensure the program reduces pollution and provides cleaner air for Californians.

The Moyer Program is funded through a variety of fees that go into the Air Pollution Control Fund (APCF). Specifically, vehicle registration surcharges adopted by local air districts in non-attainment areas, a $0.75 fee on new tires, and a $2 surcharge for local air districts on vehicle registrations are the primary sources of funding for the program.

SORE emissions in California. SORE emissions have been regulated since 1990, when exhaust and evaporative emission standards for SORE were first adopted by CARB. Following passage of AB 1346 (Berman), Chapter 753, Statutes of 2021, CARB adopted zero emission standards for SORE. It is important to note that CARB's emission standards apply only to manufacture of new equipment for sale or import into California. These regulations do not regulate the use of existing SORE equipment.

On a separate track, local governments in California have adopted ordinances to ban or restrict the use of lawn and garden equipment, primarily leaf blowers, dating back to the 1970s, based on local concerns about noise, but also air pollution, including exhaust and evaporative emissions associated with gas equipment, as well as fugitive dust created by all mechanical leaf blowers, gas and electric.

AB 1346 required CARB to identify funding for commercial rebates, which led to $30 million in grants (funded by revenues in the Greenhouse Gas Reduction fund) being offered. Eligible landscaping equipment ranged from backpack leaf blowers to riding lawnmowers, as well as additional batteries and chargers. Requests for voucher applications began in September 2022 and available funding was exhausted by October 2023. In 2025, about $6.7 million in vouchers remained unredeemed. An additional round for voucher requests opened on March 26, 2025. Within 24 hours, all remaining funds had been requested. As of March 1, 2026, over 99.5 percent of all voucher funding has been distributed. This has reduced the up-front costs for professional landscapers in California for nearly 30,000 pieces of commercially available zero-emission landscape equipment, and almost 70,000 pieces when including additional batteries and chargers. Overall, 18 percent of voucher funding went to purchases by sole proprietorships. The strong interest from California's professional landscapers to use zero-emission equipment is reflected in voucher demand and the range of eligible SORE equipment.

At least 16 of the 35 air districts in California offer SORE rebates for commercial equipment. These 16 districts include the largest districts, which together comprise at least 85% of the state's population. These existing rebate programs likely would require updates to meet the requirements of this bill. By adding administrative complexity and costs, this bill may reduce the number of SORE equipment deployed via rebates or vouchers. The bill provides no funding to match its mandate.

Proposed Law: This bill would:

1. Require medium and large air districts to, no later than January 1, 2028 and to the extent that funding is appropriated by the Legislature in the annual Budget Act or other statute for purposes of this paragraph, implement and maintain a commercial voucher program to support transitioning to ZE SORE. Would further require air districts:
   a. Recognize and accept alternative forms of documentation instead of a business license to verify eligibility;
   b. Not require a minimum length of time for a business to hold a license;
   c. Establish low-burden procedures to review and verify any required documentation in a manner that is equitable for landscapers;
   d. Provide language assistance when requested;
   e. Not inquire into or collect information about an individual's immigration or citizenship status or place of birth;
   f. Not inquire into or collect information about an individual's criminal history or other forms of background check;
   g. Ensure that any existing district incentive funds for SORE vouchers be cost effective compared to other allowable uses of those funds;
   h. Not provide—except where otherwise required by state or federal law—voluntary consent to access the records of program participants that include personally identifiable information;
   i. Not disclose nor provide in writing, verbally, or in any other manner, any personally identifiable information of any voucher participant.
2. Provide that a district would not be prohibited from implementing or maintaining a commercial voucher program using any other available funds notwithstanding the absence of an appropriation.
3. Apply some or all of the above requirements to any small rural air district, local government, or nonpublic program administrators.
4. Dictate that local governments:

   a. Cannot punish any violation of a local government ordinance as an infraction or misdemeanor, nor by arrest. Would instead provide a system of a warning, $100 or less administrative fine, and $200 or less administrative fine as acceptable punishments for violations;

   b. Must deem a violation to occur no more than once per property or job site per calendar day, and cannot treat multiple pieces of SORE landscaping equipment, multiple persons, or multiple observations of the same conduct as separate violations arising from the same landscaping activity;

   c. Must take into consideration a person's ability to pay and provide certain notices regarding services;

d. Cannot impose more than 20% of penalty amounts to anyone receiving public benefits or whose monthly income is 200% or less of the current poverty guidelines;

e. May allow community service in lieu of paying the administrative fine, may waive the administrative fine, or may offer an alternative disposition.

Related Legislation:

AB 1346 (Berman, Chapter 753, Statutes of 2021), required CARB to develop cost-effective and technologically feasible regulations to prohibit engine exhaust and evaporative emissions from new SORE, effective on or after January 1, 2024; and identify and, to the extent feasible, make available funding for commercial rebates or similar incentive funding as part of any updates to existing applicable funding program guidelines for air districts to implement to support the transition to ZE SORE operations.

Staff Comments: Recent amendments added language making provisions contingent upon appropriation. Due to this change, the regional air districts now view this bill as requiring them to develop a new program that is separate from the Carl Moyer program. According to the districts, this raises a new set of concerns. If any money is provided in future years, then all the requirements of the bill could go into effect. The districts ask, "What happens if funding is provided one year and then goes away? Do we lay off staff hired to develop and run the programs? And if funding is inadequate will districts have to pull resources away from other important programs that are resulting in greater public health benefits?" These challenges and concerns could come to fruition as an unfunded state reimbursable mandate.

The local air districts also note that in some districts the staff costs to develop and administer the new program could be greater than the incentives that could be offered. For example, one costly provision is that the bill would require districts to provide assistance in any language. There are over two hundred languages spoken in California. Lastly, air districts are concerned the bill contains provisions that could limit their ability to ensure accountability measures are in place that help ensure appropriate and transparent expenditure of public funds.

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