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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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### **AB 30 (Alvarez) - State Air Resources Board: gasoline specifications: ethanol blends**

**Version:** March 26, 2025  
**Urgency:** Yes  
**Hearing Date:** August 18, 2025

**Policy Vote:** E.Q. 8 - 0, TRANS. 15 - 0  
**Mandate:** No  
**Consultant:** Ashley Ames

**Bill Summary:** This bill would allow for the sale of blends of gasoline containing 10.5% to 15% ethanol by volume (E15) in the state for use as a transportation fuel until the California Environmental Policy Council (CEPC) and the Air Resources Board (CARB) take specified actions

#### **Fiscal Impact:**

- CARB estimates ongoing costs of \$2.3 million annually (Air Pollution Control Fund [APCF]) and 10 positions to complete formal rulemaking, implement ongoing E15 and Low-Carbon Fuel Standard programs, and perform evaporative emission tests and other technical and administrative support workload.
- The California Department of Food and Agriculture (CDFA) Division of Measurement Standards estimates one-time \$845,000 Department of Food and Agriculture Fund in 2025-26 and \$60,000 in 2026-27 and annually thereafter to purchase new equipment to sample and test E15 and cover ongoing overhead, supplies, and equipment maintenance costs. To support the estimated ongoing costs, CDFA notes that it would likely need to increase the Motor Oil Fee, the revenues from which are deposited in the Department of Food and Agriculture Fund. The Motor Oil Fee is set in statute at five cents per gallon of motor oil produced or imported into California; this fee does not apply to motor oil exported for sale outside of California. In 2023-24, CDFA collected \$4.3 million in fee revenues from motor oil sales.

**Background:** Per current law, ARB may not adopt any regulation that establishes a specification for motor vehicle fuel until that regulation, and an MME conducted by affected agencies and coordinated by ARB, are reviewed by CEPC. ARB reports that an MME includes three main steps (referred to as tiers) that generally involve the following activities: Tier I – summarizing existing research and identifying knowledge gaps; Tier II – conducting experiments to fill the identified knowledge gaps; and Tier III – preparing a final report summarizing the existing and new research and providing findings and conclusions. According to ARB, completing an MME typically takes two to five years.

ARB initiated an MME for E15 in 2018, finalized the Tier I analysis in 2020, and posted the Tier II report on March 27, 2025. Once the Tier III analysis is complete, ARB will use the MME process to determine whether to move forward with developing a regulation to authorize the use of E15 in California.

In October 2024, Governor Newsom sent a letter directing ARB to expedite its actions related to E15. In that letter, the Governor also indicated that the administration “welcomes a partnership” with the Legislature in 2025 to consider necessary statutory

changes and funding that would further expedite ARB's consideration of authorizing the use of E15 in California. In response to the Governor's directive, ARB intends to complete its work, and the required peer review, and deliver the MME to the CEPC by fall 2025. ARB estimates CEPC approval and completion of the MME process sometime in 2026, assuming it receives the additional staff requested in its BCP. ARB notes that while it has redirected staff from previous assignments to prioritize the completion of the MME, it requires permanent staff to complete the rulemaking process necessary to evaluate and authorize E15 for use in California and conduct the subsequent implementation of the regulatory changes that come with additional volumes of ethanol being used in California. ARB notes that if resources are approved, previously redirected staff can return to their formerly assigned activities and to implementation of other existing fuels regulations.

**Proposed Law:** This bill would allow for the sale of blends of gasoline containing 10.5% to 15% ethanol by volume (E15) in the state for use as a transportation fuel until the California Environmental Policy Council (CEPC) and the Air Resources Board (ARB) take specified actions.

Specifically, this bill would, among other things:

- 1) Allow for the sale of E15 in the state for use as a transportation fuel until both of the following occur:
  - a) CEPC completes its review and publicly posts its findings of the multimedia evaluation (MME) for E15 required pursuant to existing law.
  - b) ARB does either of the following: adopts a regulation establishing a specification for E15 or posts an assessment on its website demonstrating it is not possible for a proposed regulation establishing a specification for E15, as specified.
- 2) Provide that this bill shall not be construed to limit the authority of ARB to adopt and enforce transportation fuel specifications for other fuels, or for E15 after ARB takes action pursuant to the authority this bill provides to it, as described in item "1," above.

**Related Legislation:**

ABX2 9 (Petrie-Norris of 2024) – Amongst other provisions, required CARB to complete its multimedia evaluation of gasoline containing up to 15% ethanol by July 1, 2025. This bill was not referred out of the Senate Rules Committee.

**Staff Comments:** The 2025 Budget includes \$2.3 million APCF and 10 permanent positions in 2025-26 and ongoing to carry out the same workload described above. CARB notes that although it received resources in the 2025 Budget Act for this program, those will not be available until the completed multimedia evaluation of E11-E15 gasoline-ethanol blends is submitted for consideration to the California Environmental Policy Council (CEPC), pursuant to the 2025 Budget Act

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