

CONCURRENCE IN SENATE AMENDMENTS

CSA1 Bill Id:AB 663 Author:(McKinnor)

As Amended Ver:July 14, 2025

2/3 vote. Urgency

SUMMARY

Establishes standards for the allowable use of certified reclaimed refrigerants, as defined, as an exception to the existing prohibition on the sale or distribution of bulk hydrofluorocarbons (HFCs) that exceed specified global warming potential (GWP) limits.

Senate Amendments

- 1) Replace the term "virgin" with "new" to describe a HFC refrigerant that has not been previously used
- 2) Correct referenced definition for HFC.
- 3) Add a temporary exemption, until January 1, 2028, for HFCs exclusively for use in very low temperature refrigeration or cooling designed to maintain temperatures below -58 degrees Fahrenheit.

COMMENTS

Existing federal law directs USEPA to address HFC emissions by phasing down the production and consumption of HFCs by 85% by 2036. State law prohibits the sale, lease, rent, or otherwise entering into commerce of any equipment that uses a federally prohibited refrigerant or a refrigerant prohibited by the Air Resources Board (ARB) due to risk to human health or the environment. State law further prohibits the sale or distribution of bulk HFCs that exceed specified GWP limits, except for HFCs that are "reclaimed," and requires ARB to initiate a rulemaking for the adoption of low and ultra-low GWP refrigerant alternatives in California in sectors where it is practicable.

Carbon dioxide (CO₂) remains in the atmosphere for centuries, which makes it the most critical GHG to reduce in order to limit long-term climate change. However, short-lived climate pollutants (SLCPs) including HFCs, methane, and soot (black carbon), only persist in the atmosphere from a few weeks to 15 years, but have much higher GWP than CO₂, and therefore pose a significant threat to meeting climate goals.

SB 1383 (Lara), Chapter 395, Statutes of 2016, requires reductions of HFCs (also known as F-gases) which are synthetic gases used in refrigeration, air conditioning, insulation foams, solvents, aerosol products, and fire protection. They are primarily produced for use as substitutes for ozone-depleting substances which are being phased out globally. HFCs, on average, have a global warming potential 1600 times that of CO₂ on a 20-year time scale, and are increasing at a more rapid pace than any other GHG in the U.S., and increasing 10-15% annually around the globe. SB 1383 requires reductions of HFCs 40 percent below 2013 levels by 2030.

Class I and Class II refrigerants are Ozone-Depleting Substances (ODS), and Class II ODSs have less ozone depletion potential than Class Is. HFCs were initially developed as Class II alternatives to Class I ODSs due to their lower ozone depletion potential. HFCs are subject to the

Montreal Protocol, adopted in 1987 to address the depletion of the ozone layer, which requires incremental HFC phase-out, culminating with complete replacement by 2030.

The USEPA Significant New Alternatives Policy (SNAP) program was established under Section 612 of the federal Clean Air Act to identify and evaluate substitutes for ozone depleting substances. Under SNAP, US EPA Rules adopted in 2015 effectively banned 38 HFCs across the aerosol, new car air conditioning, retail food refrigeration, and foam blowing sectors, but a 2017 federal court ruling reversed these rules, finding that the FCAA does not authorize the replacement of non ODSs, including some HFCs, to address climate change concerns.

SB 1013 (Lara), Chapter 375, Statutes of 2018, adopted analogous HFC regulations in state law and offers financial incentives to assist businesses with technology transition.

SB 1206 (Skinner), Chapter 884, Statutes of 2022, prohibited the sale or distribution of bulk HFCs that exceed GWP limits of 2,200 by 2025, 1,500 by 2030, and 750 by 2033. SB 1206 requires the use of reclaimed HFCs when replenishing leaks or servicing equipment with HFCs with GWP greater than 750.

According to the Author

Hydrofluorocarbons have been found to have a dramatic negative impact on air quality and climate change when released into the atmosphere. These gases, called "HFCs," are used in a variety of applications, including aerosols, refrigeration and air conditioning, among others. Leaks from air conditioning and refrigeration units are a major source of harmful emissions. It is estimated that an average grocery store refrigeration system leaking 25% of its total refrigerant charge results in an average of 1,780 metric tons of carbon dioxide equivalent, or emissions from nearly 400 passenger cars.

SB 1206 of 2022 was passed with the intent of furthering the State's goal to reduce the impact and use of hydrofluorocarbon gases in California. The bill limited the use of HFCs with specified global warming potential in equipment owned or operated by the state by requiring the use of reclaimed HFCs to replenish leaks for any stationary equipment using HFCs that pose specified levels of risk.

Under SB 1383 of 2016, the state is required to reduce short-lived climate pollutants 40% below 2013 levels by 2030. SB 1206 of 2022 furthers that goal by placing requirements on stationary system units owned or operated by the State. The issue for small businesses, individuals and the state is they have made an investment in cooling units that use HFCs, and such units have both an economic and performance lifecycle requiring the responsible recapturing of this material to prevent it from harming the environment.

AB 663 would establish state standards for the recapturing of hydrofluorocarbon gases. Properly reclaimed gases can be treated and reused to help avoid the production of new HFCs while also restoring older units toward higher levels of efficiency. As these units reach their lifecycle end, newer technologies utilizing less-damaging materials are available, helping to move toward the state's air quality and emission reduction goals.

Arguments in Support

According to Hudson Technologies, AB 663 provides a clear definition of "reclaimed" by referring to federal standards that exist in law and are well understood by all players in the sector. The federal standard calls for at least 85% of the HFCs to be reclaimed to be labeled as

such. This bill refers to that standard, thereby giving the State of California clear direction in implementing and meeting the requirements intended by SB 1206.

Arguments in Opposition

None received.

FISCAL COMMENTS

According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

VOTES:

ASM NATURAL RESOURCES: 14-0-0

YES: Bryan, Alanis, Connolly, Ellis, Flora, Garcia, Haney, Hoover, Kalra, Muratsuchi, Pellerin, Schultz, Wicks, Zbur

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Sanchez, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache, Ta, Tangipa

ASSEMBLY FLOOR: 77-0-2

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, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

ABS, ABST OR NV: Garcia, Stefani

SENATE FLOOR: 40-0-0

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

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