GOVERNOR'S VETO
AB 738 (Tangipa and Patterson)
As Enrolled September 15, 2025
2/3 vote

## SUMMARY

Specifies that residential construction to repair, restore, or replace homes damaged or destroyed during a disaster shall comply with the solar photovoltaic (PV) requirements that were in existence at the time the home was originally constructed.

*Major Provisions*

1) Requires residential construction intended to repair, restore, or replace a residential building damaged or destroyed as a result of a disaster in an area for which a state of emergency has been proclaimed to comply with requirements for PV systems, if any, that were in effect when the building was originally constructed.

2) Specifies that this bill only applies when:

    a) The income of the owner of the residential building is at or below the median income for the county in which the residential building is located, as determined by Housing and Community Development (HCD) state income limits;

    b) The square footage of the residential building after the new construction will not exceed the square footage of the residential building at the time is was damaged or destroyed; and,

    c) The new construction is located on the site of the residential building that was damaged or destroyed.

3) Sunsets the bill's provisions on January 1, 2028.

**Governor's Veto Message**
This bill would exempt, until January 1, 2028, minimum solar photovoltaic (PV) requirements for residential buildings damaged or destroyed because of a disaster from the California Building Energy Efficiency Standards.

The minimum solar PV requirement is an innovative and forward-leaning policy that has been in place for five years, requiring new residential buildings to include cost-effective solar PV systems to reduce long-term homeowner energy costs, improve energy resiliency, and reduce greenhouse gas emissions. Codifying the broad exemption in this bill would permanently nullify these positive outcomes for homeowners while failing to consider the unique circumstances that influence rebuilding costs and efforts in different communities following disasters.

In July 2025, I issued Executive Order (EO) N-29-25, which provided a targeted, one-time exemption from the minimum solar PV and associated battery storage requirements for areas in Los Angeles recovering from the historic, catastrophic wildfires earlier this year. This EO, along with others I issued this year, recognized the scale of devastation and the need to accelerate and support local recovery efforts by providing limited and targeted exemptions from a variety of state requirements. These EOs were carefully coordinated and calibrated to facilitate rebuilding, while maintaining key safety requirements and environmental considerations. Importantly, EO N-29-25 did not exempt rebuilt structures from specified solar PV ready requirements to ensure that homes rebuilt following the fires are equipped to support future solar PV system installation. The balanced approach enshrined in these EOs has been pivotal in delivering the expeditious recovery and rebuild of resilient and safe residential buildings and structures, and should be retained.

## COMMENTS

*California's solar standards*. The 2019 Building Energy Efficiency Standards went into effect on January 1, 2020. The standards were the first in the nation to require PV systems for new construction. The standards also include improved thermal building envelope standards (i.e., insulating the interior), residential and nonresidential ventilation requirements, and nonresidential lighting requirements. For residential buildings, the standards are expected to result in about 53% less energy use than under the 2016 standards. The CEC further estimates that the new standards will reduce GHG emissions by 700,000 metric tons over three years.

Statute requires that CEC's standards must be "cost-effective." Moreover, unlike other building standards, solar earns money for homeowners as their homes generate electricity. CEC estimates that based on a 30-year mortgage, the new standards will add about $40 per month in costs and result in about $80 per month in reduced energy costs. On average, a solar system adds about $9,500 to the cost of a new home and will result in a savings of $19,000 in energy costs over 30 years. The up-front costs for solar are expected to continue to decrease.

CEC established a few exemptions to the new solar requirement. Primarily, homes that are shaded by trees, hills, other structures, etc. are not required to install solar. This may exclude a number of homes impacted by fires in wooded areas. Homeowners in areas with community solar programs are also exempt from the requirement. Additionally, reduced system size is permitted for low-rise residential with two stories and for low-rise multifamily or single-family homes with three or more stories.

*Emergency declarations.* California has had a large number of emergency declarations over the last several years, primarily due to fires. In recent years, California has faced an alarming increase in destructive wildfires. Some of the largest and most devastating fires have taken place within the last decade. For example, the 2017 Tubbs Fire, at the time the most destructive wildfire in California history, killed 22 people and destroyed 5,000 homes. In 2018, the Camp Fire replaced the Tubbs Fire as the most destructive fires in state history, with nearly 19,000 structures destroyed and 85 deaths, including the near total destruction of the town of Paradise. The 2021 Caldor Fire burned more than 200,000 acres and destroyed 782 homes. On January 7 of this year, multiple wildfires erupted concurrently in Los Angeles that burned an area nearly the size of Washington, D.C., killed 28 people, and damaged or destroyed nearly 16,000 structures, according to CAL FIRE. Estimates for the economic losses range from $250 billion to more than $350 billion.

*This bill.* This bill would allow any home damaged or destroyed in a disaster in an area in which the Governor has declared a state of emergency to comply with the PV requirements in effect at the time the home was constructed, rather than those in place at the time of the repair, restoration, or rebuild.

**According to the Author**
Californians Rebuilding after a natural disaster is financially challenging, with rising construction costs and insurance gaps making recovery difficult. While solar energy is an essential option for many, the upfront cost is a major obstacle for those trying to rebuild after losing their homes. Assembly Bill 738 provides relief by temporarily waiving the solar installation mandate for homes that did not previously have solar, ensuring families can rebuild without additional financial burdens. This targeted exemption balances financial flexibility with our state's renewable energy goals.

**Arguments in Support**
The Rural County Representatives of California (RCRC) argue, among other things, that the solar requirement adds significant cost to the price of rebuilding for homeowners who already lack the resources to rebuild their homes, particularly homeowners who are underinsured. RCRC also contends that merely having solar panels on one's home will not keep the lights on when there is a power outage. According to RCRC, "To actually achieve the resiliency benefits those claim the CEC mandate provides, homeowners will also have to install even more expensive energy storage systems that can add an extra $10,000-$20,000 to the cost of rebuilding."

**Arguments in Opposition**
Writing in opposition, the California Solar and Storage Association (CALSSA) argues that this bill works against the state's goals of reducing global warming pollutants from buildings and expanding the benefits of clean energy to all Californians. CALSSA contends solar energy helps lower utility bills, and AB 738 would drive up housing costs, particularly as California moves toward electrification, because rooftop solar "reduces the need for more wholesale generation and transmission lines, and readies the grid for electric vehicles and natural gas-free buildings."

## FISCAL COMMENTS

According to the Assembly Appropriations Committee, this bill has minor, if any, state costs.

## VOTES

**ASM NATURAL RESOURCES: 10-1-3**
**YES:** Bryan, Alanis, Connolly, Ellis, Flora, Haney, Hoover, Muratsuchi, Schultz, Wicks
**NO:** Garcia
**ABS, ABST OR NV:** Kalra, Pellerin, Zbur

**ASM APPROPRIATIONS: 14-0-1**
**YES:** Wicks, Sanchez, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Pacheco, Pellerin, Solache, Ta, Tangipa
**ABS, ABST OR NV:** Hart

**ASSEMBLY FLOOR: 56-3-20**
**YES:** Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Berman, Bryan, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Elhawary, Ellis, Fong, Gallagher, Gipson, Mark González, Hadwick, Harabedian, Hoover, Krell, Lackey, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Pacheco, Patel, Patterson, Petrie-Norris, Quirk-Silva, Ransom, Celeste Rodriguez, Michelle Rodriguez, Blanca Rubio, Sanchez, Schiavo, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
**NO:** Boerner, Garcia, Rogers
**ABS, ABST OR NV:** Addis, Bennett, Bonta, Calderon, Caloza, Dixon, Flora, Gabriel, Jeff Gonzalez, Haney, Hart, Irwin, Jackson, Kalra, Lee, Ortega, Papan, Pellerin, Ramos, Schultz

**SENATE FLOOR: 34-3-3**
**YES:** Alvarado-Gil, Archuleta, Ashby, Becker, 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, Strickland, Umberg, Valladares, Wahab, Weber Pierson
**NO:** Allen, Stern, Wiener
**ABS, ABST OR NV:** Arreguín, Blakespear, Cabaldon

## UPDATED

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