

THIRD READING

Bill No: AB 817
Author: Mark González (D), et al.
Amended: 8/27/26 in Senate
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 4-2, 8/24/26
AYES: Durazo, Arreguín, Cervantes, Laird
NOES: Choi, Seyarto
NO VOTE RECORDED: Ashby

SENATE REVENUE AND TAXATION COMMITTEE: 3-1, 8/25/26
AYES: McNerney, Becker, Grayson
NOES: Alvarado-Gil
NO VOTE RECORDED: Ashby

SENATE APPROPRIATIONS COMMITTEE: 4-2, 8/27/26
AYES: Cervantes, Cabaldon, Grayson, Wahab
NOES: Seyarto, Dahle
NO VOTE RECORDED: Richardson

ASSEMBLY FLOOR: 69-0, 5/8/25 (Consent) - See last page for vote

SUBJECT: Cold storage facilities

SOURCE: Author

DIGEST: This bill prohibits a city or county from approving a building permit for a cold storage facility unless the owner or operator of the facility establishes and maintains a contingency fund, and excludes from gross income settlement for claims relating to the 2026 Boyle Heights fire incident, as specified.

Senate Floor Amendments of 8/27/26 limit, until July 1, 2028, the requirement for a contingency fund to only facilities within the boundaries of the Boyle Heights Community Plan in the City of Los Angeles. Beginning July 1, 2028, the amendments apply the contingency fund requirements statewide. The amendments

also add an insurance policy as an option for satisfying the contingency fund requirement and make other clarifying changes.

ANALYSIS:

Existing law:

- 1) Allows, pursuant to the California Constitution, cities and counties to “make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws.”
- 2) Provides additional powers and duties for cities and counties regarding land use under the Planning and Zoning Law, including to require every county and city to adopt a general plan that sets out planned uses for all of the area covered by the plan. A general plan must include specified mandatory “elements,” including a circulation element consisting of the general location and extent of existing and proposed major thoroughfares, transportation routes, terminals, any military airports and ports, and other local public utilities and facilities.
- 3) Establishes minimum requirements that must be met for local agencies to approve development of new or expanded logistics uses (warehouses) on or after January 1, 2026 that have loading bays within 900 feet of schools, homes, daycares, nursing homes, hospitals, and parks or playgrounds (“sensitive receptors”), pursuant to AB 98 (Carrillo, Chapter 931, Statutes of 2024) and SB 415 (Reyes, Chapter 316, Statutes of 2025).
- 4) Establishes stricter standards, as specified, in the warehouse concentration region, which includes unincorporated areas of the Counties of Riverside and San Bernardino and the Cities of Chino, Colton, Fontana, Jurupa Valley, Moreno Valley, Ontario, Perris, Rancho Cucamonga, Redlands, Rialto, Riverside, and San Bernardino.

This bill:

- 1) Prohibits a city or county from approving a building permit for a cold storage facility unless the owner or operator of the cold storage facility establishes and maintains a contingency fund. This bill defines a cold storage facility to mean a facility that has at least 20,000 square feet that is artificially refrigerated to a temperature of 45 degrees or lower and participates in a specified state program to prevent accidental releases of toxic chemicals.

- 2) Limits the application of this requirement to the area covered by the Boyle Heights Community Plan until July 1, 2028. Beginning July 1, 2028, the requirements apply statewide.
- 3) Provides that the contingency fund can only be used if there is a local, state, or federal emergency declaration, as specified, and the department or the local jurisdiction either:
 - a) Publishes a formal notification of a health advisory or health alert and either the cold storage facility is the subject of the health advisory or health alert, or the cold storage facility has caused the conditions which created the health advisory or health alert; or
 - b) Issues the owner or operator of the cold storage facility a notice that a violation or a citation is unresolved and caused the emergency declaration.
- 4) Requires the contingency fund to be used to provide support during the declared state of emergency or local emergency for affected communities in order to provide:
 - a) Food assistance;
 - b) Housing assistance, rental assistance, and housing relocation assistance;
 - c) Air quality monitoring, as specified;
 - d) Vector control; and
 - e) Health care to address adverse health outcomes.
- 5) Provides that the contingency fund can include any of the following, up to a maximum of \$20 million:
 - a) A dedicated account managed by the city or county, funded by a fee or charge on the development or operation of the facility;
 - b) A dedicated account managed by the owner of the facility in an amount required by the city or county;
 - c) A surety bond; or
 - d) An insurance policy that provides coverage for the uses described above.

- 6) Requires an owner of a cold storage facility to provide evidence of the contingency fund at the discretion of the city or county to substantiate the existence or maintenance of the contingency fund.
- 7) Allows the owner to require the operator to establish or maintain the fund.
- 8) Enacts Personal Income and Corporation Tax exclusions for any amount received in settlement by a qualified taxpayer from a settlement entity in connection with the 2026 Boyle Heights fire incident, for taxable years 2027 through 2032, as specified.
- 9) Includes findings and declarations to support its purposes.

Background

Lineage Fire and aftermath. On June 17, 2026, a structure fire began at a 491,000 square foot cold storage facility in the densely populated Boyle Heights neighborhood of the City of Los Angeles. The Boyle Heights facility contained an estimated 85 million pounds of frozen food and spanned an entire city block. The operator of the facility, Lineage, Inc., is the world's largest temperature-controlled warehouse real estate investment trust, with a total of 88 million square feet of storage space across over 500 facilities and total revenue of \$5.4 billion in 2025.

The fire burned for eight days before it could be extinguished. It generated smoke that subjected tens of thousands of people to pollution levels that exceeded those during the 2025 Palisades and Eaton Fires, prompting shelter-in-place orders for nearby residents. On June 20, the City of Los Angeles declared a local emergency, followed by a gubernatorial declaration of a state of emergency for Los Angeles County.

After the fire was extinguished, the rotting frozen food stored at the facility caused additional health hazards. By early August, residents had lodged more than 4,000 odor complaints with the South Coast Air Quality Management District (SCAQMD), leading the agency to issue over two dozen violation notices against Lineage for creating a public nuisance. The decomposing organic matter served as an extensive breeding ground for pests: severe infestations of flies and other vermin occurred at the site and migrated into the adjacent residential neighborhoods.

Lineage began cleanup efforts at the site, including the removal of the rotting food waste, following the extinguishment of the fire on June 25th. As of August 18th, nearly all of the food waste had been removed, but additional cleaning and

disinfecting must occur. Lineage estimates that it will spend over \$100 million on cleanup.

Report on health impacts. Among other responders to the health hazards posed by the Lineage fire and its aftermath was St. John's Community Health (St. John's), which is a network of community health centers serving over 150,000 people in Los Angeles. St. John's deployed 3 mobile health clinics to the area and distributed thousands of air purifiers and tens of thousands of masks. St. John's recently issued a report on the health impacts that their clinics treated between the start of the fire and July 31st. While far from exhaustive because it is limited to data from St. John's Clinics and not other places that individuals may have been treated, this report noted that:

- 348 patients were diagnosed with toxic effects of smoke;
- 320 patients were diagnosed with contact or exposure to hazardous substances;
- 46 patients were diagnosed with eye disorders; and
- 20 patients were diagnosed with respiratory conditions due to inhalation of chemicals.

Other conditions treated included anxiety and other behavioral health conditions arising from environmental exposure, sleep disruption and insomnia, housing instability, lease termination requests, relocation concerns, ongoing uncertainty regarding environmental safety, and psychosocial distress associated with displacement and recovery.

Rebuilding the facility. On July 28th, as cleanup was ongoing, Lineage filed an application with the City of Los Angeles to rebuild the Boyle Heights facility. Mayor Bass responded by issuing a third executive order on July 31st to prohibit processing of the application.

The author wants to ensure that the potential community impacts of cold storage facilities are addressed.

Comments

Purpose of the bill. According to the author, "AB 817 is necessary to tackle several pressing issues brought about from the June 2026, Lineage Facility Fire in Boyle Heights. More needs to be done to address the aftermath of this fire and the impact it has already had on the community. That is what AB 817 will do by

ensuring Lineage won't receive permits before setting up a contingency fund to be accessed in times of emergency to help the community, and by tax-exempting all future settlements that residents who have been affected might receive. This bill is the least the state can do to protect the health and safety of my community."

Freezing out cold storage? Cities and counties have broad discretion to approve, deny, or impose conditions and mitigation fees on new development to ensure that those uses don't create unreasonable community impacts. These conditions can include, among many others, specifying aspects of the design of the project (such as setbacks from homes and other places where people congregate), identifying suitable locations for a given type of development, or imposing fees to fund measures to address the impacts. AB 817 applies additional standards to cold storage facilities. It establishes a requirement for a contingency fund prior to approving a building permit for a cold storage facility, but grants discretion to cities and counties regarding the amount and means of establishing such a fund so long as it doesn't exceed \$20 million. Some might establish high contingency fund requirements, which could have the effect of limiting or prohibiting the development of cold storage warehouses in those jurisdictions. Since these facilities can be important to ensuring timely delivery of perishable goods to grocery stores, large contingency fund requirements could impair food access. Other cities or counties might establish only nominal contingency fund amounts or leave the amount of the fund up to the cold storage facility owner or operator, which could fail to fully mitigate future impacts should an incident occur. The overall effect of AB 817 on the development of cold storage facilities and mitigation of future impacts is unclear.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee:

- The Franchise Tax Board (FTB) estimates that, for every \$50 million in qualified settlement amounts received, the General Fund revenue loss would be \$1.5 million. FTB's implementation costs would be minor and absorbable.
- By imposing specified requirements on cities and counties, this bill creates a state-mandated local program. However, any resulting local government costs are not state-reimbursable because cities and counties have the authority to charge fees or assessments that are sufficient to cover the cost of providing the required program or services.

SUPPORT: (Verified 8/29/26)

California Community Foundation
East Yard Communities for Environmental Justice
Housing Equity & Advocacy Resource Team
Inclusive Action for the City
Los Angeles Unified School District
Office of Los Angeles Mayor Karen Bass
St. John's Community Health

OPPOSITION: (Verified 8/29/26)

African American Farmers of California
Agricultural Council of California
Almond Alliance
American Chemistry Council
American Frozen Foods Institute
American Pistachio Growers
Association of California Egg Farmers
California Apple Commission
California Blueberry Association
California Blueberry Commission
California Business Properties Association
California Cherry Board
California Citrus Mutual
California Cotton Ginners & Growers Association
California Food Producers
California Fresh Fruit Association
California Fuels and Convenience Alliance
California Grain & Feed Association
California Grocers Association
California League of Food Producers
California Manufacturers & Technology Association
California Olive Oil Commission
California Olive Oil Council
California Pear Growers Association
California Seed Association
California Strawberry Commission
California Tomato Growers Association
California Walnuts
Commercial Real Estate Development Association, NAIOP of California
Consumer Brands Association
Dairy Institute of California

Global Cold Chain Alliance
Grower-shipper Association of Central California
Healthcare Distribution Alliance
Nisei Farmers League
Pacific Egg & Poultry Association
Western Growers Association
Western Plant Health Association
Western Tree Nut Association

ASSEMBLY FLOOR: 69-0, 5/8/25

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

NO VOTE RECORDED: Arambula, Boerner, Carrillo, Flora, Gallagher, Jeff Gonzalez, Irwin, Celeste Rodriguez, Sanchez, Wallis

Prepared by: Anton Favorini-Csorba / L. GOV. / (916) 651-4119
8/30/26 13:05:30

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