UNFINISHED BUSINESS

Bill No: SB 1069
Author: Grayson (D), et al.
Amended: 8/13/26
Vote: 21

SENATE ENVIRONMENTAL QUALITY COMMITTEE: 6-0, 4/8/26
AYES: Blakespear, Valladares, Allen, Gonzalez, Hurtado, Menjivar
NO VOTE RECORDED: Dahle

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SENATE FLOOR: 39-0, 5/19/26
AYES: 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, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NO VOTE RECORDED: Niello

ASSEMBLY FLOOR: 78-0, 8/19/26 - See last page for vote

**SUBJECT:** Motor vehicle pollution control devices: aftermarket parts: approval process

**SOURCE:** Specialty Equipment Market Association

**DIGEST:** Creates a process for the California Air Resources Board (CARB) to grant conditional approval for a manufacturer to sell an add-on or modified part for on-road vehicles or engines before CARB grants them an executive order to sell the part.

*Assembly Amendments* recast the bill to define terms, allow for conditional approvals, and specify how CARB may respond to petitions for executive orders.

**ANALYSIS:**

Existing federal law:

1) The Federal Clean Air Act (FCAA) and its implementing regulations set National Ambient Air Quality Standards (NAAQS) for six criteria pollutants, designate air basins that do not achieve NAAQS as nonattainment, allow only California to set vehicular emissions standards stricter than the federal government, and allow other states to adopt either the federal or California vehicular emissions standards. (42 U.S.C. §7401 et seq.)

Existing state law:

1) Establishes the California Air Resources Board (CARB) as the air pollution control agency in California and requires the CARB, among other things, to control emissions from a wide array of mobile sources. (Health and Safety Code (HSC) §39500 et seq.)

2) Requires the CARB to promulgate and enforce rules and regulations necessary for the proper execution of its statutory mandates. (HSC §39601 et seq.)

3) Establishes the Air Pollution Control Fund in the State Treasury for CARB to carry out its duties and functions, upon appropriation by the Legislature. (HSC §43015)

4) Establishes the Motor Vehicle Inspection Program, commonly known as the smog check program, to help the state meet federal air quality standards. (HSC §44000 et seq.)

5) Prohibits a person from installing, selling, offering for sale, or advertising any device, apparatus, or mechanism intended for use with, or as a part of, a required motor vehicle pollution control device or system that alters or modifies the original design or performance of the motor vehicle pollution control device or system. (Vehicle Code (VEH) §27156)

6) Allows, to a vehicle, an alteration, modification, or modifying device, apparatus, or mechanism if CARB finds by resolution that it does not (i) reduce the effectiveness of a required motor vehicle pollution control device, and (ii) result in emissions from the modified or altered vehicle that are above levels that comply with existing state or federal standards for that model-year of the vehicle being modified or converted. (VEH §27156)

This bill:

1) Defines "applicant", "complete application", "Emissions test laboratory", "Exemption procedures", and "final determination" for the purposes of the bill.

2) States that an applicant who satisfies the following requirements may request CARB issue a conditional approval to sell an add-on or modified part before issuance of an executive order while the applicant is awaiting final determination for the add-on or modified part:

   a) An applicant may only submit a request if they have received 10 executive orders to the application pursuant to subdivision (e) of section 2222 of Title 13 of the California Code of Regulations and at least one of the executive orders was issued for an add-on or modified part within the same application category set forth in Section III(a) of the exemption procedures as the part that is the subject of the application.

3) States that CARB shall do both of the following:

   a) Determine whether the application is a complete application and the applicant is eligible to apply; and,

   b) Notify the applicant in writing whether the above requirements have been met.

4) States that if CARB determines that the application is complete and the applicant meets all requirements, CARB shall grant a conditional approval, which shall become effective on the date that CARB notifies the applicant that requirements have been met.

5) States that if CARB determines that the application is incomplete and the applicant does not meet all requirements, CARB shall submit a response to the applicant detailing the reasons why the application is incomplete and shall work with the applicant to satisfy the requirements.

6) States that if CARB does not determine whether or not the application requirements have been satisfied within 30 business days of receipt of the request, the application shall be deemed to be conditionally approved. The conditional approval shall become effective on the date that the applicant

notifies CARB in writing of its intent to sell the add-on or modified part.

a) If CARB receives more than 50 applications during any 30-business-day period, CARB may extend the determination period by 15 business days for each increment of 50 applications received during that period. CARB must notify each affected applicant in writing of the extension and the revised deadline within five business days after the threshold specified is reached. An application may be subject to no more than one extension.

7) States that upon the effective date of a conditional approval, the add-on or modified part specified in the application may be sold, offered for sale, advertised, or installed in the state. A conditional approval shall be treated as the equivalent to an executive order.

8) Provides that upon the effective date of conditional approval, the validity of a conditional approval shall not be affected by a request from the state board for additional information, clarification, supplemental documentation, supplemental testing, or other materials necessary for granting an executive order.

9) States that a conditional approval shall expire two years from the effective date of the conditional approval, unless extended by the executive officer, or upon issuance of an executive order, whichever occurs sooner.

10) States that the manufacturer shall maintain detailed records of all parts sold under the conditional approval and provide those records to the state board within 30 days of a request for those records.

    a) CARB may suspend or revoke a conditional permit for any of the following reasons:

        i) The applicant fails to maintain the detailed records as specified;

        ii) CARB determines that the application contained materially inaccurate or misleading information at the time of submission.

11) Provides that an add-on or modified part sold, offered for sale, advertised, or installed under a conditional approval shall not be deemed a violation of Section 27156 of the Vehicle Code solely because a final determination has not been made.

12) States that upon withdrawal, revocation, or expiration of a conditional approval, the executive officer may require the manufacturer to implement a recall, corrective action, stop-sale order, or other remedy for parts sold, offered for sale, advertised, or installed in the state, as the executive officer determines necessary and appropriate.

13) States that the manufacturer shall be responsible for all costs associated with any recall and remedy required pursuant to this subdivision. CARB may require the manufacturer to submit and implement a recall or corrective action plan for parts sold, offered for sale, advertised, or installed in the state.

14) States that a manufacturer that fails to comply with a recall or corrective action plan required pursuant to this subdivision may be subject to civil penalties pursuant to Section 43008.6.

15) Provides that on or before July 1, 2028, the state board shall revise the exemption procedures and any associated forms, guidance documents, or regulations as necessary to implement the requirements of this section.

**Background**

*Executive Orders and Aftermarket Parts*. Due to the air pollution caused by vehicles, CARB requires vehicle manufacturers to develop engine and emission equipment systems that reduce the specific pollutants that cause California's severe air quality problem. These emission control systems are also required to be proven durable and reliable.

To ensure that these systems operate as designed, it is prohibited to make modifications to vehicles that increase emissions. If, however, a manufacturer and CARB prove that an aftermarket part or modification does not increase vehicle emissions, it may be installed. The certification process culminates in CARB issuing what is called an Executive Order (EO), which allows the part to be sold, and installed on vehicles, in California.

All aftermarket parts sold in California belong to one of the following four groups:

a) *Replacement Parts*. Replacement parts include things like carburetors, distributers, fuel injection systems, and fuel tanks. Typically these are parts on a vehicle that wear out with use and must be replaced during the lifetime of the vehicle. When a replacement part does not meet the original factory specifications it requires an Executive Order to be legal for street use.

b) *Legal Add-On or Modified Parts (Executive Order Parts)*. These parts alter a vehicle from its original equipment manufacturer configuration and are typically added on for safety or performance enhancement. Safety devices include antitheft devices; performance enhancers include air intake systems that cool an engine to increase horsepower or superchargers that increase air pressure in the engine allowing it to burn more fuel to increase power.

c) *Competition or Racing Use Only Parts*. These parts may only be sold and installed on vehicles that are exclusively used for competition off public highways and roads. These parts replace or otherwise interfere with the operation of an emission control device, such as a catalytic converter or oxygen sensor.

d) *Catalytic Converters*. Catalytic converters, as their name implies, catalyze (i.e., cause or accelerate) the conversion of toxic gases created during the combustion of fuel into less harmful ones. Catalytic converters can decrease the performance of an engine so some people chose to replace the catalytic converter that comes installed on a car with a more expensive one that reduces performance less.

**Comments**

1) *Purpose of Bill.* According to the author, "California law prohibits the tampering with, and the sale, installation, or advertising of, emissions-related devices (aftermarket parts) unless the California Air Resources Board (CARB) determines the device complies with the state's emissions standards (VC § 27156). As such, the CARB Executive Order (EO) process is the only legal pathway for many emissions-related aftermarket parts to be legally sold or installed on vehicles in California. Because the small and medium-sized businesses that develop, manufacture, and sell these parts depend on the issuance of a CARB EO, the time it takes CARB to process and issue an EO directly affects these businesses and the consumers that rely on these parts.

   "Despite the creation of additional employment positions, a revised regulatory structure/application process, and the establishment of fees, processing times for EOs have not improved and continue to be a point of uncertainty for manufacturers which can create a sense of competitive disadvantage. Manufacturers depend on timely and predictable EO reviews to lawfully bring emissions-compliant products to market. Yet prolonged and inconsistent review timelines continue to delay market entry, increase costs, and create uncertainty for businesses operating within the aftermarket sector. When processing times are opaque or can vary significantly, businesses may shift investment away from California or toward unregulated markets, undermining the goal of ensuring products are compliant with state emissions standards.

"In an effort to address this issue, SB 1069 would give CARB 30-days, upon receipt of an application for the issuance of an executive order to exempt an aftermarket part and any associated fees, to determine whether the application is complete. Once an application is deemed to be complete, CARB would then have 60-days to approve or deny it. The measure would further require CARB to approve or deny an amended application within 30 days of the denial of the original application. If CARB does not approve or deny an application within those timelines, it would be required to refund the applicant 50% of any fee collected for the application. The bill would also require the state board to submit a report to the Legislature on review and issuance timelines for executive orders issued to exempt aftermarket parts on or before March 1, 2028, and biennially thereafter until March 1, 2034."

2) *Longstanding problem.* Getting more aftermarket parts approved by CARB has been a long-standing request of the industry, and steps have been taken to attempt to address how long it takes. According to information provided by the author, nearly 10 years ago in 2017, SB 660 (Newman) would have provided a legislative basis for enabling industry to fund additional staff at CARB to better address the workload for EO applications. Ultimately, this legislation was set aside and instead, the Administration and the Legislature secured additional staff through the state budget process to accelerate the issuance of EOs, resulting in six additional staff in the Emissions Certification & Compliance Division at CARB.

   Recognizing that the new CARB positions required financial support, industry again worked with the Legislature, CARB, and stakeholders to provide a mechanism for funding these new positions. Consequently, additional budget action was taken to allow CARB to impose a reasonable fee on EO applications to help offset some of the costs of the staffing needed to improve processing times. In 2021, during the CARB hearing adopting the new fee on EO applications, CARB committed to reviewing the impact of the fee, and to reevaluating the processing times for EOs. However, subsequent budget constraints meant that some of the positions committed to processing EO applications were removed. In late-2025, CARB began a stakeholder engagement process to attempt to honor these 2021 commitments.

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

According to the Assembly Appropriations Committee:

- ARB estimates ongoing annual costs of $1.8 million (Air Pollution Control Fund and Motor Vehicle Account (MVA)) for seven positions and contract funds to make changes to its regulations (specifically the "Procedures for Exemption of Add-On and Modified Part(s) For On-Road Vehicles/Engines" and the "Mobile Source Certification and Compliance Fees" regulations); workload related to reviewing applications and providing written notices; providing guidance and outreach to manufacturers, Bureau of Automotive Repair, smog check stations, and other stakeholders to ensure consistent understanding of the law and prevent disruptions in vehicle registration at the Department of Motor Vehicles (DMV); and enforcement-related tasks, such as audit testing and field investigations. According to DMV, MVA is projected to become insolvent as early as fiscal year (FY) 2028–29.

- By subjecting a manufacturer that fails to comply with a recall or corrective action plan required pursuant to this bill to civil penalties, this bill may result in cost pressures (Trial Court Trust Fund, General Fund) of an unknown amount to the courts to adjudicate additional filings resulting from this bill. Costs will depend on the number of cases filed and the amount of court time needed to resolve each case. It generally costs approximately $1,000 to operate a courtroom for one hour. Although courts are not funded based on workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The state budget provides annual General Fund backfills to the Trial Court Trust Fund to offset revenue reductions, totaling approximately $117.3 million in FY 2025-26.

**SUPPORT:** (Verified 8/19/26)

Specialty Equipment Market Association (SEMA) (source)
Advanced Flow Engineering, INC.
Banks Power
Edelbrock, LLC
Enthusiast Auto Care
Greddy Performance Products INC.
Hellion, INC.

Hp Tuners LLC
Jackson Racing
Jegs Automotive, LLC
Magnaflow
Magnuson Superchargers
Mdr Industries
Pedal Commander
Techart North America LLC
Vmp Performance

**OPPOSITION:** (Verified 8/19/26)

None received

ASSEMBLY FLOOR: 78-0, 8/19/26
AYES: 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, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, 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, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO VOTE RECORDED: Blanca Rubio

Prepared by: Heather Walters / E.Q. / (916) 651-4108
8/19/26 16:53:25

****** END ******