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# SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair  
2025 - 2026 Regular Session

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## **SB 1161 (Valladares) - Administrative regulations: economic impact analysis and standardized regulatory impact assessments: State Air Resources Board**

**Version:** April 9, 2026

**Urgency:** No

**Hearing Date:** April 20, 2026

**Policy Vote:** E.Q. 6 - 0

**Mandate:** No

**Consultant:** Ashley Ames

**Bill Summary:** This bill would require the State Air Resources Board (CARB), when proposing to adopt, amend, or repeal a regulation, to include in either the economic impact assessment, or the standardized regulatory impact assessment, a distributional analysis of the costs, benefits, and net impacts on personal income across income levels and an informative digest, as provided.

### **Fiscal Impact:**

- Unknown but likely significant ongoing costs, estimated by CARB to likely be over \$3.75 million annually for staff and contract costs to conduct the additional analysis as required by this bill as a part of each rulemaking.

**Background:** CARB is subject to the same SRIA requirements as any other agency. Calculating the cost impacts of climate policy on businesses and individuals is no easy task. Not only does climate policy have a direct impact on costs through compliance costs, but there are indirect costs and benefits from the climate crisis itself. How much does one degree of warming competitively disadvantage California businesses compared to those in colder regions? How much does one degree of warming avoided decrease health costs? Despite this challenge, CARB conducts a robust socioeconomic impact analysis that includes considering how, “the effects of the regulation are distributed, for example, by industry, income, race, sex, or geography” (Title 1 of California Code of Regulations (CCR) § 2003).

As a specific example, CARB’s SRIA for 2024 amendments on Cap and Trade included all of the required analysis in GOV § 11346.3(c). Additionally, this SRIA included additional analysis on the benefits and direct costs to typical businesses, small businesses, and individuals. The estimate of direct costs to individuals assumes that businesses regulated under Cap-and-Invest (known then as Cap-and-Trade) would fully pass compliance costs onto consumers through the pricing of consumer goods. CARB estimated this cost as \$90 per capita annually. Taking into account the \$80 of benefits from the Greenhouse Gas Reduction Fund (GGRF), utilities revenue, and health savings, Cap-and-Invest was estimated to cost the average individual \$10 per year. The 2024 SRIA also considered personal income and found negligible impact on individual income from Cap-and-Invest.

**Proposed Law:** This bill would require CARB, when proposing to adopt, amend, or repeal a regulation, to include in either the economic impact assessment, or the standardized regulatory impact assessment, a distributional analysis of the costs, benefits, and net impacts on personal income across income levels and an informative digest, as provided.

Require CARB, when proposing to adopt, amend, or repeal a regulation, shall include the following in either the economic impact assessment pursuant to paragraph (1) of subdivision (b) or the standardized regulatory impact assessment pursuant to paragraph (1) of subdivision (c):

- (1) A distributional analysis of the costs, benefits, and net impacts on personal income across income levels, including impacts on the following communities:
  - a. Individuals making below 138 percent of the federal poverty level.
  - b. Individuals making below the inflation-adjusted California median income, as reported by the Department of Finance.
  - c. Individuals making below hundred thousand dollars (\$100,000) annually.
  - d. Individuals making above hundred thousand dollars (\$100,000).
  - e. Individuals in disadvantaged communities.
- (2) An informative digest at the beginning of the economic impact assessment in the manner provided in paragraph (3) of subdivision (a) of Section 11346.5, so that the economic impacts of the proposed regulation on different income levels and disadvantaged communities can be understood by the general public. The board shall include a summary of the distributional analysis pursuant to paragraph (1) and must consider including the impact of the proposed, amended, or repealed regulation on energy, gas, and utility prices.

**Related Legislation:**

SB 1123 (Weiner, 2026) would require a SRIA to include “offsetting benefits, impacts, or savings that might result directly or indirectly” from the proposed, major regulation.

SB 885 (Strickland, 2026) would require the legislature to enact statute authorizing a state agency to adopt a major regulation.

SB 981 (Neillo, 2026) would require CARB to estimate the cost-of-living impacts of major regulations.

SB 1239 (Jones, 2026) would require CARB to release a supplemental SRIA if the proposed regulation undergoes material changes after the initial SRIA but before adoption.

SB 415 (Durazo, 2023) would require local air districts to perform an assessment of the socioeconomic impacts of the proposed regulations on households whose annual income is less than \$100,000.

SB 474 (Niello, 2025) would revoke CARB’s rulemaking authority.

AB 1232 (Avila Farias, 2025) would require an analysis of cost-of-living impacts in the economic analyses done for non-major and major proposed regulation.

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