

SENATE THIRD READING
SB 1274 (Archuleta)
As Amended July 2, 2026
Majority vote

SUMMARY

Defines the term "industrial city."

Major Provisions

- 1) Defines "industrial city" to mean a city that meets all of the following criteria:
 - a) The city has a resident population of fewer than 25,000.
 - b) A majority of the city's jurisdiction is zoned or used for industrial, manufacturing, logistics, warehousing, energy production, or other large-scale commercial use. "Large-scale commercial use" means any commercial use with 250,000 or more square feet of building space.
 - c) The city supports a daytime workforce that exceeds its resident population.
- 2) Provides that this bill shall not be deemed to modify or affect provisions of law enacted by AB 98 (Juan Carrillo and Reyes), Chapter 931, Statutes of 2024, and SB 415 (Reyes), Chapter 316, Statutes of 2025, including, but not limited to, affecting any special benefit, exemption, exception, or special preference for a development or jurisdiction governed by that law, as specified.

COMMENTS

- 1) *Background.* The California Constitution allows 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." It is from this fundamental power (commonly called the police power) that cities and counties derive their authority to regulate behavior to preserve the health, safety, and welfare of the public—including land use authority.

California has 483 cities. The California Constitution allows cities and counties that adopt charters to control their own "municipal affairs," and makes these laws supreme over "all laws inconsistent therewith." This municipal affairs doctrine grants charter cities broad authority to enact laws governing local matters, including the power to tax for local purposes. In all other matters, charter cities must follow the general, statewide laws.

Whether living in general law or charter cities, city residents receive a variety of municipal services including police and fire protection, libraries, parks and recreation, road maintenance, public transit, street trees, lighting and landscaping, water, sewers, planning and development. Full-service cities provide these services themselves. Partial service and contract cities rely on special districts and counties to provide many of these services to their residents.

Cities come in all shapes and sizes. The state's largest city is Los Angeles with nearly 3.9 million residents. The state's smallest city is Amador City with about 200 residents.

- 2) *AB 98 of 2024 and SB 415 of 2025*. In response to growing concerns about the effects of warehouse development on surrounding areas, and multiple legislative efforts to address these concerns, the Legislature enacted AB 98 (Juan Carrillo and Reyes), Chapter 931, Statutes of 2024. AB 98 established 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 "sensitive receptors" such as schools, homes, daycare centers, nursing homes, hospitals, and parks or playgrounds. These standards required logistics uses to be located on larger roads, unless it is impractical to do so, and established additional requirements for the development and approval of logistics uses. SB 415 (Reyes), Chapter 316, Statutes of 2025, made a number of clarifying changes to AB 98.

According to the Author

"California is home to a small number of unique cities that have a higher daytime workforce population than nighttime residential population. In these cities, the number of jobs exceeds the number of residents, industrial land use often dominates the municipal footprint, and freight and commercial traffic often represent a significant share of roadway demand. This phenomenon typically occurs when a city is primarily zoned for industrial use and is experiencing large numbers of workers commuting to and from the city every day."

"One of the many unique challenges faced by industrial cities is the lack of financial resources for infrastructure maintenance and transportation. Because many transportation funding formulas rely heavily upon a city's residential population, industrial cities in California are not receiving funding that reflects the reality of roadway wear, freight demand, and infrastructure usage in their jurisdictions."

"In recent years, these industrial cities have formed a coalition and are asking for recognition of their unique needs. SB 1274 legitimizes the status of industrial cities by creating an official definition in state code, to be used for the purposes of state programs, policies, and funding formulas. SB 1274 does not modify existing formulas or change any requirements or prioritizations requirements for existing formulas."

Arguments in Support

The City of Industry, co-sponsor of this measure, writes, "SB 1274 is intended solely to establish a definition of an 'industrial city' in state law. The bill recognizes the unique characteristics of a small number of jurisdictions whose limited residential populations stand in contrast to their outsized roles as employment centers, manufacturing hubs, and centers of commerce that support regional economies throughout California."

"Importantly, SB 1274 is strictly definitional in nature. It is not intended to modify, supersede, or otherwise affect any existing statute, program, funding formula, or regulatory framework. Nor is it intended to create any new rights, exemptions, or preferences for any city."

"In particular, the City of Industry wishes to make clear that SB 1274 is not intended to impact, directly or indirectly, any existing laws, regulations, or programs governing warehouses, logistics facilities, distribution centers, or data centers. The bill should not be construed as providing any special treatment, exemptions, or advantages with respect to the development,

permitting, operation, or regulation of such facilities, nor is it intended to alter the application of any existing environmental, land use, or public health statutes."

"Rather, SB 1274 simply establishes a descriptive classification that may help policymakers better understand and evaluate the unique characteristics of certain employment-centered jurisdictions. Any future application of this definition to a state program or policy would require separate legislative action."

Arguments in Opposition

A large coalition of opponents write, "Proponents characterize the designation as a neutral administrative category intended to facilitate future infrastructure funding (such as road repair), but the definition as drafted is fundamentally deficient. It omits the defining environmental and public health consequences of concentrated industrial land use, and in doing so would legitimize a structural arrangement that externalizes harm onto surrounding communities while retaining fiscal and economic benefits within city limits..."

"(T)he bill's deficiencies are not merely oversights. They reveal a designation framework that is so incomplete and disconnected from the lived reality of industrial land use that no set of amendments can rescue it. The bill would actively distort the regulatory landscape and undermine California's longstanding commitment to environmental justice. It should therefore be rejected outright..."

"Proponents have stated that SB 1274 itself confers no direct benefits. It merely creates a label for use in future legislation. This framing makes the bill's deficiencies more dangerous, not less. Statutory definitions shape political reality. A definition that describes an 'industrial city' only by its workforce and land use, while omitting the health costs it imposes on its neighbors, does not merely fail to capture the health costs and potential fiscal burden of residents living alongside concentrated industrial land use. It actively constructs a legislative foundation designed to exclude those considerations from the outset. Any future program, policy, or funding formula built upon this incomplete foundation would perpetuate rather than correct the inequities these cities have created..."

"How we define categories for regulatory purposes matters profoundly, because those definitions determine the scope of future policy and the interests that future policy will, and will not, serve. If California is going to recognize 'industrial cities' in statute, it must do so with a definition that is grounded in the full reality of how these cities operate and who bears the consequences. SB 1274 fails that standard so completely that it cannot be salvaged through amendment."

FISCAL COMMENTS

None

VOTES

SENATE FLOOR: 36-0-4

YES: Allen, Alvarado-Gil, Archuleta, Ashby, Becker, Blakespear, Cabaldon, 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, Weber Pierson, Wiener

ABS, ABST OR NV: Arreguín, Caballero, Valladares, Wahab

ASM LOCAL GOVERNMENT: 10-0-0

YES: Carrillo, Ta, Johnson, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson

UPDATED

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