Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 739 (Arreguín) – As Amended July 2, 2026

Policy Committee:	Human Services	Vote:	7 - 0
	Transportation		15 - 0
	Communications and Conveyance		9 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill revises the California Clean Miles Standard and Incentive Program (CMS program) by modifying targets to reduce greenhouse gas (GHG) emissions per passenger mile driven on behalf of a transportation network company (TNC), compliance and enforcement provisions, and requirements related to driver incentives.

Specifically, this bill, among other things:

1) Prohibits the California Public Utilities Commission (CPUC) from adopting or enforcing penalties against TNCs for failure to meet targets or goals adopted pursuant to existing law.

2) Requires the Air Resources Board (ARB), by January 1, 2028, to adopt, and the CPUC to implement, updated annual targets and goals, beginning in 2029, for reducing GHG emissions per passenger mile driven on behalf of a TNC below the baseline established pursuant to existing law, and requires those targets and goals to meet specified requirements.

3) Requires a TNC to meet the following targets:

   a) 17% of passenger miles traveled shall be provided by zero-emission vehicles (ZEVs) by December 31, 2027.

   b) 19% of passenger miles traveled shall be provided by ZEVs by December 31, 2028.

4) Requires the CPUC, in bringing, or considering whether to bring, an enforcement action for failure to meet the targets outlined in item 3, above, to consider any moneys invested by a TNC to transition its fleet to ZEVs in the state within the same year the enforcement action is first considered.

5) Requires ARB to adjust specified targets and goals and the CPUC to delay implementation of those targets or goals, including any enforcement of those targets or goals against a TNC, if ARB or the CPUC makes any of four specified findings.

6) Revises an existing requirement related to delayed adoption and implementation and instead requires ARB and the CPUC to review specified targets and goals and the available data necessary to make any of the findings referenced in item 5, above, at least every two years, as provided.

7) Prohibits the CPUC from finding a TNC in violation of the CMS program under either of two specified circumstances.

8) Requires the CPUC, by January 1, 2027, to commence issuing grant payments and incentives to drivers from the Drivers Assistance Fund under the Drivers Assistance Program (DAP).

FISCAL EFFECT:

1) ARB estimates ongoing annual costs of approximately $1.7 million (Air Pollution Control Fund (APCF) for about eight positions to, among other things, continually reassess electrification barriers in collaboration with the CPUC; conduct technical analyses and revise CMS goals and targets through rulemakings subject to the requirements of the Administrative Procedure Act; conduct ongoing stakeholder engagement; and advise program staff on potential legal issues.

   ARB contends the requirement in the bill for it to adjust targets and goals if it makes specified findings requires the board to continuously review and modify targets when barriers arise, potentially resulting in near-continuous rulemakings and necessitating significant ongoing resources.

2) The CPUC estimates contracting costs of $2 million over eight years (PUC Transportation Reimbursement Account (PUCTRA)) to prepare four reports over eight years. While current law already requires the CPUC to review unanticipated barriers to expanding the usage of ZEVs by TNCs at least every two years, the CPUC asserts the bill now requires it to make additional findings, including whether a target or goal is "technically or economically infeasible." According to the CPUC, such an assessment may involve complex technical and economic analysis requiring an outside consultant as well as building and utilizing complex financial models (such as discounted cash flow models) to determine, for example, whether the amount of money a TNC would be required to spend to meet the targets is feasible considering the company's revenue and profit margins.

   The fiscal year (FY) 2019-20 budget approved one permanent position and $91,000 in FY 2019-20 and $181,000 in FY 2020-21 (APCF) for ARB to implement SB 1014 (Skinner), Chapter 369, Statutes of 2018, which established the CMS program. The FY 2019-20 budget also approved one permanent position and $180,000 (PUCTRA) for the CPUC to implement SB 1014. Both agencies note these previously approved resources are insufficient to cover the workload this bill creates.

COMMENTS:

1) **Purpose.** According to the author:

> Between high interest rates and federal actions threatening to overturn California's authority to cut vehicle pollution, the [CMS] is facing significant headwinds. Moreover, [TNC] drivers are primarily circumstantial and part-time, relying on whatever personal vehicle they own to make extra money. Drivers are being put in a difficult position of being asked to transition to [ZEVs] without financial assistance. SB 739 would make reasonable adjustments to the CMS program so that we can continue to advance our transition to [ZEVs],

> reduce [GHG] emissions and improve local air quality, and support drivers who are trying to make ends meet.

2) **Background**. ***CMS Program.*** SB 1014 established the CMS program, which requires ARB to adopt, and the CPUC to implement, annual targets to reduce GHG emissions by passenger ride-hailing services operated by TNCs (such as Uber and Lyft) and certain other types of transportation providers primarily through transitioning vehicles on TNC platforms to ZEVs. The regulation became effective on October 1, 2022, and the CPUC began implementation in March 2024.

   Writing in support of this bill, Uber argues that despite the company's progress in increasing electrification on its platform, a variety of factors (such as recent rollbacks of federal incentives, high interest rates, and production scale-backs by some automakers) have put the CMS program in jeopardy.

   Unanticipated Barriers. According to the Assembly Transportation Committee analysis of this bill:

> Current law provides [ARB] the flexibility to not adopt CMS rules, and the CPUC to not implement adopted CMS rules if they find that unanticipated barriers exist to expanding the usage of ZEVs by TNCs. With these provisions in existing law, both [ARB] and CPUC have the necessary authority to provide TNCs relief from the upcoming CMS targets and do not need the authority this bill provides. Additionally, the CPUC released their first California Clean Miles Standard Unanticipated Barriers and Progress Report on June 24, 2026. In the report, staff recommends pausing the targets for three years, further highlighting the lack of need for this bill.

   In the aforementioned report, CPUC staff identified several major unanticipated barriers that have emerged since the CMS program was adopted. These barriers include economic disruptions that have resulted in higher-than-anticipated prices for ZEVs through the early 2020s and a reversal in federal policy support for ZEVs, which has resulted in a slowdown in the ZEV market and created uncertainty about future market conditions, including ZEV pricing and model availability. The report also finds that electricity prices in California have risen dramatically since ARB adopted the CMS regulation, increasing the total cost of ZEV ownership, and that availability of public ZEV charging remains a barrier to adoption by TNC drivers.

   For the proposed three-year delay, the CPUC proposes two options: (a) a three-year pause inserted into the existing target schedule, after which the targets would progress at the same pace as in the current schedule or (b) a three-year pause, but following the pause, the target schedule would be relaxed such that the targets ramp up more gradually and TNCs have more time to meet each target.

   DAP. As part of the CMS program, the CPUC created the DAP to help low- and moderate-income drivers overcome the financial barriers to purchasing or leasing electric vehicles. The program is funded through a CMS regulatory fee ($0.09 per trip) collected by TNCs.

Earlier this month, the CPUC approved the initial implementation plan for the DAP. The program will provide eligible drivers with financial assistance that includes up to $20,300 toward the purchase or lease of a new ZEV; up to $14,200 toward the purchase or lease of a used ZEV; and up to $1,170 annually to help offset charging costs for eligible drivers. The provisional program budget for year one of the implementation of the DAP is $25 million.

Among others in opposition to the bill, the Natural Resources Defense Council writes:

> The CMS program is aligned with the TNCs' own public commitments to fully electrify their US fleets by 2030. The existing program also provides a range of compliance options and flexibility, including built-in review procedures to determine if any barriers exist to electric vehicle adoption and charging infrastructure. The CMS program also includes a variety of incentives and other support mechanisms for drivers to transition to [ZEVs]. In short, the CMS program contains flexibilities and features that address the very concerns raised by SB 739, while still prioritizing the transition to ZEVs and reducing harmful air pollution.

Analysis Prepared by: Nikita Koraddi / APPR. / (916) 319-2081