SENATE THIRD READING
SB 739 (Arreguín)
As Amended July 2, 2026
Majority vote

## SUMMARY

Requires by January 1, 2028, the California Air Resources Board (CARB) to adopt, and the California Public Utilities Commission (CPUC) to implement, updated annual target and goal for the reduction of greenhouse gases per passenger mile driven on behalf of a transportation network company (TNC). Prohibits the CPUC from adopting or enforcing any penalties against transportation network companies for the failure to meet any targets or goals adopted pursuant to existing law.

**Major Provisions**

1) Requires the updated targets and goals to meet specified criteria.

2) Requires CARB to adjust the targets and goals, and the CPUC to delay those targets or goals, including any enforcement of those targets or goals against a transportation network company, as specified.

3) Requires a TNC to meet the following targets:

    a. Seventeen percent of passenger miles traveled shall be provided by zero-emission vehicles by December 31, 2027.

    b. Nineteen percent of passenger miles traveled shall be provided by zero-emission vehicles by December 31, 2028.

4) Requires the CPUC, in bringing an enforcement action for the proposed targets above, to consider any moneys invested by a transportation network company to transition its fleet to zero-emission vehicles in the state within the same year the enforcement action is first considered.

5) Requires CARB and the CPUC to review the targets and goals no less than every two years, as provided.

6) Prohibits the CPUC from finding a TNC in violation the law, as specified.

## COMMENTS

*Mobile source emissions.* Mobile sources of air pollution are vehicles or equipment that can be moved from place to place and emit pollutants as they operate. These sources include on-road vehicles like cars, trucks, and buses, as well as non-road vehicles such as aircraft, construction equipment, and marine vessels. Mobile sources and the fossil fuels that power them are the largest contributors to the formation of ozone, greenhouse gas (GHG) emissions, fine particulate matter ($PM_{2.5}$), and toxic diesel particulate matter (DPM). Statewide, more than 21 million out of over 39 million Californians live in areas that exceed the federal ozone standards; within these areas, there are many low-income and disadvantaged communities that are exposed to not only

ozone, but also particulate and toxic, pollutant levels significantly higher than the federal standards which have immediate and detrimental health effects.

In California, mobile sources are responsible for approximately 80% of smog-forming nitrogen oxide ($NO_x$) emissions. They also represent about 50% of GHG emissions when including emissions from fuel production, and more than 95% of toxic DPM emissions.

*The National Ambient Air Quality Standard (NAAQS).* The Clean Air Act of 1970 instructs the U.S. Environmental Protection Agency (US EPA) to set primary NAAQS to protect public health, and secondary NAAQS to protect plants, forests, crops and materials from damage due to exposure to six criteria air pollutants. These pollutants include: particulate matter, ozone, nitrogen oxides, sulfur oxides, carbon monoxide, and lead.

Federal law (42 United States Code 7409 and 7410) requires that all states attain the NAAQS and develop State Implementation Plans (SIP) for nonattainment areas to attain the NAAQS, and attainment areas to maintain attainment. Failure of a state to reach attainment of the NAAQS by the target date can trigger penalties, including withholding of federal highway funds.

State law (HSC 39602) requires the California Air Resources Board (CARB) to develop SIP emission reduction strategies for cars, trucks, and other mobile sources to meet the requirements in the Clean Air Act. Local air districts are primarily responsible for controlling emissions from stationary sources such as factories and power plants. CARB coordinates closely with local air districts (such as SCAQMD) in the development of attainment plans which are then incorporated into the SIP.

*The Clean Miles Standard.* In an April 2018 report titled Electrifying the Ride-Sourcing Sector in California, the CPUC identified the TNC sector as the biggest opportunity to reduce emissions from transportation providers regulated by the commission. Between November 2016 and October 2017, TNC operations produced carbon dioxide emissions equivalent to the annual energy use of approximately 100,000 households. The report stated that increased TNC use of Zero-Emission Vehicles (ZEVs) would advance the state's overall EV deployment goals. The report noted the "sizeable, untapped potential to increase EV awareness through interactions with TNC EV drivers and passengers during the millions of trips being arranged on TNC platforms."

SB 1014 (Skinner), Chapter 169, Statutes of 2018, created the Clean Miles Standard (CMS) which required CARB to create dual targets and goals for TNCs to reduce emissions of GHG per passenger mile and increase passenger miles traveled using zero-emission vehicles (eVMT). The CPUC is required to implement these goals and targets. CARB's CMS regulation became effective on October 1, 2022 and CPUC began implementation of the standard in March 2024.

The table below specifies the current eVMT and GHG targets for TNCs. The eVMT targets represent the percentage of passenger miles ZEVs drive. This target requires that TNCs increase the number of ZEVs in their fleets compared to the total number of vehicles in the fleet, and that ZEVs drive an increasing number of miles compared to fossil fuel powered vehicles. For example, the eVMT target increases from 30% in 2026 to 50% in 2027. This means that the number of passenger miles driven by a TNC must increase by 20% between 2026 and 2027.

The GHG targets decrease over time, representing a decrease in emissions from TNC fleets. This can partially be done through fleet electrification, though additional actions are likely needed. Compliance mechanisms to decrease GHG emissions include reducing the number of miles

driven without a passenger, increasing the number of shared rides (pooling), and optional credits that can be earned through TNC trips that connect to transit and investments in active transportation by TNCs.

*Table: Annual percent eVMT and greenhouse gas (GHG) targets*

| *Calendar Year* | eVMT Target (as a percent of passenger miles driven) | GHG ($gCO_2$/PMT) Target (decreasing emissions from TNC fleets) |
|---|---|---|
| *2023* | 2% | 252 |
| *2024* | 4% | 237 |
| *2025* | 13% | 207 |
| *2026* | 30% | 161 |
| *2027* | 50% | 110 |
| *2028* | 65% | 69 |
| *2029* | 80% | 30 |
| *2030+* | 90% | 0 |

*The Drivers Assistance Program.* In implementing the CMS, CPUC created the Drivers Assistance Program (DAP) in Decision D.24-03-001 of Proceeding R.21-11-014 to try to minimize the negative financial impacts of CMS implementation on low- and moderate-income drivers. DAP consists of the CMS Regulatory Fee and the CMS Regulatory Fee Account. The account is funded by a per-trip surcharge that customers pay on trips provided by TNCs. CPUC determined that CMS incentive costs would be established through the Implementation Plan and GHG Plan approval process, which are both plans required pursuant to D.24-03-001. Based on publicly available receipts from TNC rides, the current level for the Clean CMS Regulatory Fee is $0.09. The amount of monies in the CMS Regulatory Fee Account is currently unknown. The

CPUC is scheduled to take action on readying the funds for distribution on July 2nd and hopes to distribute funds by September of 2026.

*Committee comments.* The currently adopted eVMT target increases from 13% in 2025 to 50% in 2027, representing a requirement for TNCs to rapidly increase the per-passenger miles driven in ZEVs. Uber and Lyft contend that while they have been able to meet the first three years of targets, they are not on track to meet the 2026 and later eVMT targets.

Current law provides CARB 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 CARB 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.

**According to the Author**
"Between high interest rates and federal actions threatening to overturn California's authority to cut vehicle pollution, the Clean Miles Standard and Incentive Program (CMS) is facing significant headwinds. Moreover, Transportation Network Company (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 zero-emission vehicles without financial assistance. SB 739 would make reasonable adjustments to the CMS program so that we can continue to advance our transition to zero-emission vehicles, reduce greenhouse gas emissions and improve local air quality, and support drivers who are trying to make ends meet."

**Arguments in Support**
Uber, sponsors of this bill, write, "Uber's mobility platform is the world's most widely available platform for zero-emission rides. We have made exceptional progress, with our drivers adopting electric vehicles up to five times faster than average drivers in the US, Canada, and Europe. As reflected in Uber's Electrification Update (April 17, 2026), more than 339,000 ZEV drivers were active on the Uber platform in Q1 2026 globally, completing a total of over 154 million tailpipe-emissions-free trips during that time. This progress is the result of Uber's investment of hundreds of millions of dollars to help interested drivers make the switch to ZEVs. And our continued commitment to increase electrification on the platform has been demonstrated by the recent launch of a nationwide "Go Electric" grant program and investments to build out public fast-charging stations.

"Despite our progress to date, systemic bottlenecks are also slowing electrification more broadly, putting the success of the CMS program in jeopardy. Recent rollbacks of federal incentives, high interest rates, and production scale-backs by some automakers have limited the supply of affordable ZEV models. Additionally, delays in implementation of the Driver's Assistance Program, the revocation of the EPA waiver authorizing the Advanced Clean Cars II program, a revocation of federal ZEV targets, the proposed rollback of federal GHG regulations, and the elimination of monetary penalties for CAFE standards have further exacerbated the problem. Additionally, and not related to policy, public demand has generally not accelerated as quickly as expected, with many consumers preferring hybrid vehicles. Even the highest mileage drivers are not converting at the rates previously anticipated. None of these factors were accounted for in the

original modeling set forward by CARB when determining ambitious but feasible goals and targets. And, because TNC drivers utilize their personal vehicles, a compliance framework that ignores these macroeconomic realities risks becoming a paper mandate that penalizes the very same low- and moderate-income drivers leading the transition."

**Arguments in Opposition**

The Natural Resources Defense Council writes, "Under the CMS, the California Air Resources Board (CARB) adopted annual targets to reduce greenhouse gas (GHG) emissions from transportation network company (TNC) services, and the CPUC is charged with implementing those targets. The CMS is critical to achieving California's climate and local air quality goals. Cars and light-duty trucks account for more than 25 percent of California's GHG emissions. Because vehicles providing services for TNCs and regulated by the CMS program have high annual mileage, reducing their emissions is particularly impactful. Further, TNCs accumulate significant miles in communities because they have passenger carrying miles, deadhead "empty" miles when traveling to pick up a passenger, and repositioning miles to locate where they expect demand. Since TNC services occur predominantly in more densely populated areas, reducing TNC emissions also benefits public health by improving urban air quality.

"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 zero-emission vehicles (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."

## FISCAL COMMENTS

According to the Assembly Appropriations Committee:

"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."

## VOTES

**SENATE FLOOR: 38-0-2**
**YES:** Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
**ABS, ABST OR NV:** Limón, Reyes

**ASM HUMAN SERVICES: 7-0-0**
**YES:** Lee, Castillo, Calderon, Elhawary, Jackson, Celeste Rodriguez, Tangipa

**ASM APPROPRIATIONS: 13-0-2**
**YES:** Wicks, Sanchez, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Solache, Ta, Tangipa
**ABS, ABST OR NV:** Arambula, Pellerin

**ASM TRANSPORTATION: 15-0-1**
**YES:** Wilson, Davies, Aguiar-Curry, Ahrens, Carrillo, Harabedian, Hart, Hoover, Jackson, Macedo, Papan, Ransom, Rogers, Sharp-Collins, Ward
**ABS, ABST OR NV:** Lackey

**ASM COMMUNICATIONS AND CONVEYANCE: 9-0-0**
**YES:** Boerner, Hoover, Bonta, Caloza, Castillo, Krell, Lowenthal, Rogers, Blanca Rubio

**ASM APPROPRIATIONS: 15-0-0**
**YES:** Wicks, Hoover, Arambula, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

## UPDATED

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