

SENATE RULES COMMITTEE

SB 795

Office of Senate Floor Analyses

(916) 651-4171

UNFINISHED BUSINESS

Bill No: SB 795
Author: Archuleta (D), et al.
Amended: 8/28/26
Vote: 21

SENATE GOVERNMENTAL ORG. COMMITTEE: 14-0, 1/13/26

AYES: Padilla, Valladares, Archuleta, Ashby, Blakespear, Cervantes, Dahle, Jones, Ochoa Bogh, Richardson, Rubio, Smallwood-Cuevas, Wahab, Weber Pierson

NO VOTE RECORDED: Hurtado

SENATE FLOOR: 40-0, 1/27/26

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, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ASSEMBLY FLOOR: Passed, 8/31/26

SUBJECT: Air pollution: gasoline vapor control systems: ethanol blends

SOURCE: Author

DIGEST: This bill makes changes to gasoline dispensing equipments certification process to dispense gasoline with up to 15% ethanol, as well as other technical and conforming changes. The bill also requires the State Fire Marshal to adopt emergency regulations to allow its sale.

Assembly Amendments gut and amended the bill into its current form.

ANALYSIS:

Existing law:

- 1) Establishes the California Air Resources Board (CARB) as the air pollution control agency in California and requires CARB, among other things, to control emissions from a wide array of mobile sources and implement the Federal Clean Air Act (FCAA). (Health and Safety Code (HSC) § 39500 et seq.)
- 2) Requires CARB to adopt and implement technologically feasible emission standards for new motor vehicles to, among other things, ensure compliance with state air quality laws and the FCAA, and prohibit vehicles that do not comply with those emissions standards from being certified for use in the state. (HSC § 43100 et seq.)
- 3) Requires CARB to adopt motor vehicle fuel specification requirements for the control of air contaminants and air pollution where it is necessary, cost effective, and technologically feasible to do so. (HSC § 43013).
- 4) Creates the California Environmental Policy Council (CEPC), consisting of the leaders of seven specified state entities: the Environmental Protection Agency, the Department of Pesticide Regulation, the Department of Toxic Substances Control, CARB, the State Water Resources Control Board, the Office of Environmental Health Hazard Assessment, and the Integrated Waste Management Board. (Public Resources Code § 71017).
- 5) Prevents CARB from adopting any regulations setting specifications for motor vehicle fuels unless that regulation, and a multimedia evaluation of any significant adverse impacts on public health or the environment, have been reviewed by the CEPC, as specified. (HSC § 43830.8).

This bill:

- 1) Allows, until January 1, 2029, gas stations with equipment certified to use E10 gasoline to use E15, provided the manufacturer of that equipment attests the equipment is compatible, as specified. Further waives certain requirements for labeling and certification.
- 2) Directs the State Fire Marshal to adopt emergency regulations, as specified, on or before December 31, 2026 governing the labeling and safe use of 10-15% ethanol-blended gasoline. Said regulations would be considered to not be major regulations, and would be exempt from the Administrative Procedures Act.

- 3) Makes conforming changes to California Occupational Safety and Health Standards Board regulations regarding safe dispensing of E10-E15 fuel.

Background

Ethanol in gasoline. Gasoline is a fuel made from crude oil and other petroleum liquids. Gasoline is mainly used in vehicle engines. Petroleum refineries and blending facilities produce finished motor gasoline for retail sale at gasoline fueling stations.

Petroleum refineries mostly produce gasoline blending components called gasoline blendstocks, which require blending with other liquids to make finished motor gasoline. In California, the blendstock used is called California Reformulated Gasoline Blendstock for Oxygenate Blending (CARBOB). Until CARBOB has oxygenates (including but not limited to ethanol) and other components added, it is not finished gasoline which can be used in a vehicle.

Most of the finished motor gasoline now sold in the United States contains about 10% fuel ethanol by volume (E10). Ethanol is added to gasoline mainly to meet the requirements of the Renewable Fuel Standard, which is intended to reduce greenhouse gas emissions and the amount of oil that the United States imports from other countries.

Ethanol has a lower energy density than gasoline, so adding it to CARBOB results in a finished gasoline that can provide slightly less energy to a vehicle (i.e. that vehicle will likely not be able to drive as many miles on a full tank of E15 versus E10). However, ethanol is also less expensive than CARBOB, so adding it can lower the cost of that tank. There are other considerations (such as the impact on other air pollutants from evaporation or combustion, or more system-wide impacts on CARBOB and ethanol supply and demand) that must be made to determine the overall pros and cons of using E15 in California.

Allowing E15 in California. Existing law requires CARB to undertake specific actions prior to adopting motor fuel specifications. For example, ARB must conduct certain analyses, including an evaluation of the environmental impacts of the proposed policy change known as a “multimedia evaluation.” In October 2024, Governor Newsom sent a letter directing CARB to expedite its actions related to E15. In that letter, the Governor also indicated that the administration “welcomes a partnership” with the Legislature in 2025 to consider necessary statutory changes and funding that would further expedite CARB’s consideration of authorizing the use of E15 in California.

In response, the Legislature pass (and the Governor signed) AB 30 last year to immediate permit the sale of E15 in California, while CARB completes the requisite work on the multimedia evaluation.

Considering E15 in California. As part of a suite of solutions considered to address fuel prices and supply in the state as California shifts away from fossil fuels, the California Energy Commission (CEC) evaluated switching from E10 to E15 as part of the Transportation Fuels Assessment. The Assessment stated that switching to E15 had the upsides of likely lowering the price of California fuel; having fewer environmental harms than E10 with a 1% loss of fuel economy; the fact that E15 is already sold in 31 states; and that the U.S. currently exports more ethanol than California would be able to use in switching to E15. The report's cons were that refineries might rebalance production and cause E15 to be less cost-saving over time, the potential for an increase in ethanol prices concomitant with increased demand, and notably that additional analysis is necessary to understand the pollution impacts of E15 and that adopting E15 fuel specifications through proper regulatory processes could take years.

Comments

Who's picking up the tab? Changing California's finished gasoline blend from E10 to E15 has minor impacts in some regards (e.g. a reduction of 1-3% fuel economy, per the Transportation Fuels Assessment, for a slightly cheaper fuel in greater supply), uncertain impacts in others (e.g. long-term market and air pollution impacts), and significant in some (e.g. a marked increase in demand for ethanol in California).

Increasing demand for ethanol in California would have uncertain but notable impacts across agriculture and beyond. According to 2023 U.S. Department of Agriculture data, roughly 40% of all the corn grown in the United States is used to produce ethanol or fuel.¹ Increasing the demand for ethanol in the largest state from 10% to 15% would be expected to increase that number further. It is unclear what second-order impacts to land use, agricultural operations, or competing products would result from moving to E15 in California.

AB 30 cleanup. Although last year's AB 30 immediately permitted the sale of E15 gasoline in California, said gasoline is not currently available for sale. This is not

¹ Global Demand for Fuel Ethanol Through 2030 <https://www.ers.usda.gov/publications/pub-details?pubid=105761>

unprecedented; of the now-50 states where E15's sale is permitted, only 31 actually have the fuel available for purchase.² This may in part be due to the fact that E15 gasoline is incompatible with vehicles model year 2000 and earlier, as well as other non-road small engines and vehicles. E15 also has higher evaporative emissions, so especially during summer months some states may have further barriers to its sale.

One additional reason (and the apparent impetus for this bill) may have been that the physical equipment which stores and delivers gasoline is currently only rated to be used with an up-to 10% blend of ethanol. This is despite the fact that E10 equipment that is certified to Underwriters Laboratories' (UL's) UL 87 standard has been shown to be reasonably safe when used with E15. In a 2009 press release, UL wrote:

UL researchers found that using equipment certified to UL 87 to dispense ethanol blends with a maximum ethanol content of 15 percent should not result in critical safety concerns. However, the company stressed that dispensers pumping this higher percentage of ethanol should be subject to regular inspection and preventative maintenance as specified by the dispenser manufacturer for the blend of fuel being dispensed because the potential for degradation of the metals and materials (e.g., plastics, elastomers and composites) used in a dispensing system increases as the percentage of ethanol increases.

"UL determined that there is no significant incremental risk of damage between E10 and fuels with a maximum of 15 percent ethanol. This conclusion was reached after careful examination of the effects of varying levels of ethanol on components," said John Drengenberg, Consumer Affairs Manager for UL. "We will continue to evaluate test and field findings, as well as the scientific literature, as it becomes available and make this information available to [Authorities Having Jurisdiction]."

It should be noted that this bill includes no requirements for additional inspections or preventative maintenance on E10-rated equipment using E15. Rather, the bill entrusts equipment manufacturers to self-certify that the equipment will be safe to use with those blends. Potentially, the State Fire Marshal could elect to establish further requirements as part of the regulations required by this bill. However, it should be noted that those regulations will need to be completed by December 31, 2026 (the day before SB 795 would take effect), and they would also not be subject

² <https://afdc.energy.gov/fuels/ethanol-e15> E15 U.S. Department of Energy Alternative Fuels Data Center

to the Administrative Procedures Act, nor require a Standardized Regulatory Impact Assessment. Thus, there will be limited time, transparency, and opportunity to hold the regulations to a higher protective standard.

It is possible that declaring E10-compatible gasoline to be compatible with E15 by legislative fiat—as SB 795 does—will be the final hurdle to clear before making E15 available for sale in California. If so, and E15 becomes available for sale in California at last, it will at last provide a slightly-cheaper, slightly-less energy dense, slightly-less carbon-intense fuel for California drivers (provided they drive a non-motorcycle vehicle model year 2001 or newer). Doing so would be expected to significantly increase the demand for ethanol in California. However, if implementing AB 30 to accomplish these goals remains a priority, this legislation would accelerate the process via manufacturer self-certification of safety and extremely rapid emergency regulations. Further in-depth analysis could not be completed at this time, due to this bill's introduction late on Friday, August 28th.

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

This version of the bill has not been analyzed by a fiscal committee.

SUPPORT: (Verified 8/30/26)

Aemetis
Alto Ingredients
CA Association of County Veterans Service Officers
Calgren
California Ambulance Association
California Chamber of Commerce
California Delivery Association
California Farm Bureau Federation
California Hispanic Chamber of Commerce
California Multicultural Business Alliance
CFTA
CMTA
Growth Energy
League of California Cities
Los Amigos de La Comunidad
Love's
Marine Corps League, Department of California
Musket Corp
National Federation of Independent Businesses

Pearson Fuels

Pelican Renewables

Poet

Pratt Energy

Renewable Fuels Association

Vietnam Veterans of America, California State Council

OPPOSITION: (Verified 8/30/26)

None received

Prepared by: Heather Walters / E.Q. / (916) 651-4108

8/31/26 21:53:13

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