Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 883 (Umberg) – As Amended July 2, 2026

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| Policy Committee: | Emergency Management | Vote: | 4 - 2 |
| | Environmental Safety and Toxic Materials | | 5 - 2 |

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

**SUMMARY**:

This bill prohibits a local government from approving a building permit for a reactive chemical storage facility that does not meet certain conditions, adds methyl methacrylate (MMA) to the California Accidental Release Prevention (CalARP) Program's regulated substance list, and creates a gross income exclusion under the Personal Income Tax (PIT) Law for certain taxpayers related to the May 2026 chemical incident at the GKN Aerospace manufacturing facility.

Specifically, this bill:

1) Prohibits a city or county (or a city and county) from approving a building permit for a new reactive chemical storage facility ("facility") with the potential for an explosion that may injure a person outside the property boundary unless: (a) the facility has a backup cooling system or other contingency system approved by the jurisdiction's certified unified program agency (CUPA), (b) the facility is not adjacent to a home or other building that may contain people, and (c) the public is notified and has the opportunity to comment on the facility.

2) Provides that the applicable fire department or authority has primary jurisdiction over the county health department if an explosion occurs.

3) Requires the city or county to notify the Office of Emergency Services (OES) and Office of Environmental Health Hazard Assessment (OEHHA) after approval of the facility's building permit.

4) Requires OEHHA to consider a facility when determining pollution burden as part of the office's California Communities Environmental Health Screening Tool (CalEnviroScreen).

5) Requires the applicable CUPA to conduct an inspection of each facility in its jurisdiction at least once annually and report inspection results to the California Environmental Protection Agency (CalEPA), Office of the State Fire Marshal (OSFM), and OES.

6) Adds MMA as a regulated substance by the CalARP Program, under which certain program violations constitute a crime.

7) Excludes from gross income under the PIT Law, for taxable years beginning on or after January 1, 2026, the amount received by a qualified taxpayer in settlement for claims relating to the May 2026 chemical incident at the GKN Aerospace manufacturing facility, and requires the Franchise Tax Board (FTB) to annually report related data to the Legislature.

**FISCAL EFFECT**:

1) By imposing certain restrictions on a city or county considering a building permit for a new facility and requiring the city or county to notify certain entities, this bill likely creates a state-mandated local program resulting in costs of an unknown amount to the city or county, the magnitude of which depends on the volume and complexity of permit requests. Since local government entities generally have the authority to levy permit fees to pay for the mandated program or level of service, resultant costs are likely non-reimbursable by the state, although such a determination is ultimately made by the Commission on State Mandates.

2) By requiring a CUPA to conduct an annual facility inspection and report results to certain entities, and expanding the CalARP Program enforced by CUPAs to include MMA, this bill may create a state-mandated local program resulting in costs of an unknown, but potentially significant amount, across CUPAs. Since a CUPA generally has the authority to impose a fee on regulated entities to recover the necessary and reasonable costs to administer the unified program, resultant costs are likely non-reimbursable by the state, although such a determination is ultimately made by the Commission on State Mandates.

3) Costs of approximately $2.5 million annually to CalEPA for eight staff positions to regulate MMA under the CalARP Program (General Fund (GF)).

4) By adding MMA to the CalARP Program, under which certain program violations constitute a crime, ongoing cost pressures of an unknown amount to the courts to adjudicate a criminal charge if brought against an MMA stationary source (GF or Trial Court Trust Fund (TCTF)) and likely to the counties, instead of the state, to incarcerate a convicted individual (GF). For example, existing law provides that a person or stationary source who knowingly falsifies, destroys, or conceals information to comply with the CalARP Program may be imprisoned in county jail and a violation after the first conviction is a felony.

5) One-time costs of approximately $100,000 to OEHHA for an external contract to support a toxicological assessment of MMA, including the review of toxicological studies and existing health-based and emergency exposure guidance levels (GF). Other implementation workload costs to OEHHA would likely be absorbable, including considering a facility in CalEnviroScreen based on the data sources OEHAA already uses for the tool.

6) GF revenue loss of an unknown amount by creating the PIT exclusion for GKN Aerospace settlement claims. FTB notes that both the dollar amount arising from settlement payouts and the timing of payments must be known to calculate the revenue impact, both of which have yet to occur. However, applying an average tax rate of 4.5%, FTB assumes $4.5 million in GF revenue loss for every $100 million in qualified settlement amounts received. Additionally, likely minor and absorbable costs to FTB to submit the related report.

7) Minor and absorbable costs to OES and OSFM to receive specified information.

**COMMENTS**:

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

> As a legislator, it is my duty to protect the safety and wellbeing of not only my constituents, but all Californians, and the incident that occurred in my district can not happen again. The potential for destruction was very high, and we are lucky that no property or lives were lost.
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> SB 883 fills significant gaps in existing legislation by raising transparency surrounding high-risk facilities, tightening emergency planning standards, improving cooperation during chemical emergencies, and giving communities better access to information about possible risks.

2) **Background.** ***May 2026 GKN Facility Incident.*** On May 21, 2026, a chemical storage tank containing approximately 5,000 to 7,000 gallons of MMA, a volatile and highly flammable liquid widely used in the manufacture of acrylic composites, began heating up and emitting toxic fumes at the GKN Aerospace facility in Garden Grove. As a result, the area surrounding the facility was placed under an evacuation order impacting approximately 50,000 local residents, with site response and recovery work managed by the county's CUPA, the Orange County Health Care Agency.

   Multiple lawsuits have been filed against GKN Aerospace, although the lawsuits are still in their initial stages. This bill provides a PIT exclusion for a settlement amount received by a taxpayer for claims related to the GKN facility incident. However, unlike other gross income exclusions previously allowed for certain Governor-declared emergencies, the provision in this bill does not include a sunset date or apply under the Corporation Tax Law.

   ***CUPAs and the CalARP Program.*** A CUPA is a local agency certified by CalEPA to implement and enforce six unified hazardous waste and hazardous materials management regulatory programs (known as the "unified program"), including the CalARP Program. There are currently 81 CUPAs in California. This bill requires a CUPA to conduct an annual inspection of each reactive chemical storage facility in its jurisdiction at least once annually and report inspection results to certain state agencies.

   The goal of the CalARP Program is to prevent accidental releases of substances that may cause serious harm to the public and environment, minimize damage if a release occurs, and satisfy community right-to-know laws. The program requires a business that produces, handles, processes, distributes, or stores certain chemicals over a threshold quantity to develop a Risk Management Program, prepare a Risk Management Plan, and submit the plan to the applicable CUPA. As of 2024, MMA was stored at 14 facilities throughout California, with four of those facilities storing equal or greater amounts of MMA than GKN Aerospace. Existing state statute provides that regulated substances under the CalARP Program are those listed under certain federal and state regulations, which do not currently include MMA. This bill adds MMA as a regulated substance under state statute.

   ***Scope of this Bill.*** This bill prohibits a city or county from approving a building permit for a "new" reactive chemical storage facility that does not meet certain conditions. This bill also requires the city or county notify OES and OEHHA of permit approval and requires OEHHA to consider the new facility when determining CalEnviroScreen pollution burden.

However, the author's office notes there has been an inadvertent omission of amendments to additionally apply this bill to an "expanded or modified" facility that were conceptually approved by the policy committees that previously heard this bill. Thus, the author intends this bill to apply to a new, expanded, or modified facility, increasing the scope and costs of this bill. As further noted in the Assembly Environmental Safety and Toxic Materials Committee's analysis of this bill, since this bill was only recently substantively amended to address the current subject matter, this bill is a "work in progress" and will need more refinements.

3) **Support and Opposition.** This bill is supported by a coalition of environmental organizations, led by Sierra Club California, which argues, "As California's energy storage, chemical production, and industrial processing facilities expand, state policies must keep up with the growing safety challenges these industries present."

   This bill is opposed by a coalition of manufacturing associations, led by the American Chemistry Council, which argues, "It may be more appropriate to see the results of any investigation into the incident before identifying specific remedies or requirements that may or may not be focused on addressing the root cause."

4) **Related Legislation.** AB 760 (Ta) excludes from gross income under the PIT Law and Corporation Tax Law, for taxable years beginning on or after January 1, 2027, and before January 1, 2032, the amount received by a qualified taxpayer in settlement for claims relating to the "2026 Garden Grove chemical leak." AB 760 is pending hearing by the Senate Appropriations Committee.

**Analysis Prepared by**: Irene Ho / APPR. / (916) 319-2081