
SENATE COMMITTEE ON ENVIRONMENTAL QUALITY

Senator Blakespear, Chair

2025 - 2026 Regular

Bill No: SB 954
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Urgency: No
Consultant: Brynn Cook

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Fiscal: Yes

SUBJECT: California Environmental Quality Act: advanced manufacturing facilities: exemption

DIGEST: This bill excludes ‘habitat for protected species’ from a number of California Environmental Quality Act (CEQA) exemptions introduced in SB 131 (Chapter 24, Statutes of 2025), and adds further eligibility criteria to the CEQA exemption for ‘advanced manufacturing,’ and states the intent of the Legislature to further identify which facility types will be eligible for this CEQA exemption, among other changes.

ANALYSIS:

Existing law:

- 1) Requires under CEQA that a lead agency determines whether a project is exempt from CEQA, or if it must do an initial study to determine if a project will have significant effects on the environment. If a project has no effect on the environment or effects that can be mitigated, the lead agency prepares a negative declaration (ND) or mitigated ND (MND). If the project will have significant impacts, the lead agency prepares an environmental impact report (EIR) to evaluate and propose mitigation measures for any effects on the environment, including impacts or likely impacts to land, air, water, minerals, flora, fauna, ambient noise, and historic or aesthetic significance. (Public Resources Code (PRC) §§21000 et seq.)
- 2) Through the passage of SB 131 (Weiner, Chapter 24, Statutes of 2025), established a dozen new CEQA exemptions including:
 - a) Maintenance facility projects and stations that are within a mile of an existing right of way and are approved for high speed rail
 - b) Wildfire exemptions for prescribed fire and fuel reduction projects under 50 acres within ½ mile of subdivision and with an exemption for sensitive habitat coastal sage brush
 - c) Defensible space and fuel management with 100 or 200 feet of an ingress/egress route so long as they don’t cut down mature trees

- d) Defensible space within 200 feet of structures
 - e) Drinking water and wastewater for disadvantaged systems (with a 2032 sunset) and community water systems funded by Prop 4 or SAFER until 2030
 - f) Broadband projects within an existing right of way or 30 feet from streets and roads
 - g) Any climate adaptation and mitigation plan
 - h) Parks and trail facilities funded by Prop 4
 - i) Rural health clinics
 - j) Food pantries in industrial zones
 - k) Farmworker housing
 - l) Daycare centers in all areas except residential zones
 - m) Rezoning that implements a housing element
 - n) Advanced Manufacturing facilities in industrial zones
- 3) Defines ‘advanced manufacturing’ as
- a) “Advanced manufacturing” means manufacturing processes that improve existing or create entirely new materials, products, and processes through the use of science, engineering, or information technologies, high-precision tools and methods, a high-performance workforce, and innovative business or organizational models utilizing any of the following technology areas:
 - i) Microelectronics and nanoelectronics, including semiconductors
 - ii) Advanced materials
 - iii) Integrated computational materials engineering
 - iv) Nanotechnology
 - v) Additive manufacturing
 - vi) Industrial biotechnology, and;
 - b) “Advanced manufacturing” includes any the following:
 - i) Systems that result from substantive advancement, whether incremental or breakthrough, beyond the current industry standard, in the production of materials and products. These advancements include improvements in manufacturing processes and systems that are often referred to as “smart” or “intelligent” manufacturing systems, which integrate computational predictability and operational efficiency, among others.
- 4) Establishes a definition of ‘natural and protected lands’ where some of the new SB 131 CEQA exemptions do not apply and which includes the following areas:
- a) State parks
 - b) Wilderness areas and marine protected areas
 - c) National parks, recreation areas, and monuments

- d) The national wild and scenic rivers system
 - e) Any ecological reserve or wildlife management area
 - f) A hazardous waste site, excluding specific circumstances
 - g) Within a regulatory floodway
 - h) Lands under conservation easement
 - i) On, or within a 300-foot radius of, a wetland
 - j) Lands identified for conservation in an adopted natural community conservation plan pursuant to the Natural Community Conservation Planning Act or habitat conservation plan.
 - k) Within a very high fire hazard severity zone, unless sites have adopted fire hazard mitigation measures pursuant to existing building standards or state fire mitigation measures applicable to the development.
 - l) Either prime farmland or farmland of statewide importance, as defined pursuant to the United States Department of Agriculture land inventory and monitoring criteria, as modified for California, and designated on the maps prepared by the Farmland Mapping and Monitoring Program of the Department of Conservation, or land zoned or designated for agricultural protection or preservation by a local ballot measure that was approved by the voters of that jurisdiction.
- 5) Establishes numerous exemptions from CEQA in statute and in the CEQA Guidelines. These include, among many others, the following exemptions that are for childcare facilities or are commonly used for childcare facilities
- a) Class 32 categorical exemption for infill development projects that are consistent with a general plan and zoning, are substantially surrounded by urban uses and do not impinge on habitat or result in any significant effects relating to traffic, noise, air quality, or water quality, and can be adequately served by utilities and public services. (CEQA Guidelines §15332)
 - b) Class 1 categorical exemption for existing facilities. This exemption covers the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use. (CEQA Guidelines §15301)
 - c) (SB 131 CEQA exemption for daycare facilities) Establishes a CEQA exemption for daycare facilities that are not located on natural and protected lands, as defined, and are not in areas zoned residential. (PRC 21080.69(a)(1))
 - d) Establishes a ministerial approval process for daycare centers co-located with multifamily housing for purposes of CEQA (Health and Safety Code

HSC 1597.22). Projects approved by a ministerial process are not subject to CEQA.

- 6) Specifies that lead agencies must, through the CEQA process, consider whether projects will have significant effects on tribal cultural resources, and consult with tribes (PRC 21080.3)
- 7) Establishes the Jobs and Economic Improvement Through Environmental Leadership Act of 2011 (AB 900, Buchanan, Chapter 354, Statutes of 2011), (PRC §21178 et seq.) which established CEQA administrative and judicial review procedures for an "environmental leadership" project. The Act was later extended and modified in 2021 (SB 7, Atkins, Chapter 19, Statutes of 2021) and again in SB 149 (Caballero, Chapter 60, Statutes of 2023). To be eligible for judicial streamlining (having all suits against the project heard in 270 days, as feasible), projects must meet high environmental and labor standards, including among others that:
 - a) The project be certified LEED Gold or higher.
 - b) Actions taken to mitigate environmental impacts in disadvantaged communities must be done in and directly benefit the affected community.
 - c) Projects must be GHG neutral.
 - d) The project must have skilled and trained labor for public projects and pay prevailing wage for private projects.

This bill:

Makes changes to three of the CEQA exemptions passed in SB 131, including;

- 1) Expands the definition of daycare facilities and changes the CEQA exemption for daycare facilities to include residential areas, but to simultaneously exclude industrial zones or areas within 3,200 feet of a facility that actively extracts or refines oil or natural gas.
- 2) Adds "habitat for protected species" as defined, to the list of "Natural and protected lands" (lands where the dozen newly created CEQA exemptions in SB 131 do not apply).
 - a) Defines 'habitat for protected species' as: candidate, sensitive, or species of special status by state or federal agencies, fully protected species, or species protected by the federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et seq.), the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game

Code), or the Native Plant Protection Act (Chapter 10 (commencing with Section 1900) of Division 2 of the Fish and Game Code).

- 3) Establishes the intent of the Legislature to narrow the existing CEQA exemption or “advanced manufacturing” by further identifying final tier “advanced manufacturing” facilities that would be eligible for the “advanced manufacturing” CEQA exemption.
- 4) Adds further guardrails to the ‘advanced manufacturing’ CEQA exemption to specify that CEQA exemption only applies if the projects meet the following criteria:
 - a) Uses zero emission backup generation.
 - b) Includes a community benefits agreement to address labor and community concerns.
 - c) Specifies that the project will not harm tribal resources or will use the existing CEQA consultation process.
 - d) Requires that projects meet high labor standards, including skilled and trained labor requirements for public projects, prevailing wage for private projects, and meeting high roads labor standards, as defined.
 - e) Holds a public hearing on the proposed project.
 - f) Be in heavy industrial zones, identified as such in 2026.
 - g) Be in areas that are at least 1,000 foot setbacks from disadvantaged communities, as defined.
 - h) Projects cannot emit more than a set amount air pollutants including PM and NO_x and toxic air contaminants (TACS) that mirror the threshold for significance for air pollution for CEQA review in the current version of air pollution guidance by Bay Area Air Quality Management District, including cumulative emission thresholds for TACs.

Background

- 1) *The A, B, C’s of CEQA*. CEQA is designed to (a) make government agencies and the public aware of the environmental impacts of a proposed project, (b) ensure the public can take part in the review process, and (c) identify and implement measures to mitigate or eliminate any negative impact the project may have on the environment. CEQA is enforced by civil lawsuits that can challenge any project’s environmental review.

Under CEQA, projects (unless they have a specific exemption) must undergo environmental analysis. This process starts with an initial study which determines what level of further environmental review is needed for a given project. If a project has no significant effects on the environment, or if those

effects can be fully mitigated, the project can move forward with a negative declaration (ND) or mitigated negative declaration (MND). If the initial study finds the project has potential significant effects on the environment, then a full EIR is conducted.

- 2) *CEQA Exemptions: Categorical and Statutory.* Some projects may be eligible for CEQA exemptions. If a project is exempt from CEQA, the lead agency simply identifies which exemption the project is eligible for, and no further environmental review or public engagement is required.

There are two types of CEQA exemptions— statutory and categorical. Statutory exemptions are created by the Legislature and apply even if a project has the potential to significantly affect the environment. In contrast, categorical exemptions, which are developed by the Office of Planning and Research and approved by the Secretary of the Natural Resources Agency as part of the CEQA guidelines, generally do not apply if there are significant environmental impacts associated with the project. More specifically, categorical exemptions do not apply if (1) there is a reasonable possibility of a significant effect on the environment due to unusual circumstances; (2) significant cumulative impacts from projects of the same type will result; or (3) the project will have impacts on a uniquely sensitive environment.

There are over 120 statutory CEQA exemptions in the Public Resources Code, Water Code, Government Code, Health and Safety Code. There are also 33 categorical CEQA exemptions listed in the CEQA guidelines.

- 3) *What is “Advanced Manufacturing”?* In broad strokes, ‘advanced manufacturing; is the “Use of innovative technologies to create existing products and the creation of new products. Advanced manufacturing can include production activities that depend on information, automation, computation, software, sensing, and networking.¹” Advanced manufacturing is about the processes used in manufacturing, not about what the manufacturing produces.

The definition of ‘advanced manufacturing’ in the public resources code is hardly more tailored than the one above: it is defined to mean “manufacturing processes that improve existing or create entirely new materials, products, and processes through the use of science, engineering, or information technologies, high-precision tools and methods, a high-performance workforce, and innovative business or organizational models uses microelectronics, nanotechnology, advanced materials, additive manufacturing, and industrial

¹ <https://www.manufacturing.gov/topic/advanced-manufacturing>

biotechnology.” The definition further specifies that “advanced manufacturing” includes anything that has ‘systems that result from substantive advancement, whether incremental or breakthrough, beyond the current industry standard, in the production of materials and products.’”

- 4) *How is ‘advanced manufacturing’ defined in California law?* Advanced manufacturing is defined in existing law as part of a tax credit program. The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) Sales and Use Tax Exclusion (STE) Program, authorized under CA PRC 26003, offers qualified manufacturers a full sales and use tax exclusion on equipment purchases. Any business wishing to receive this exclusion must apply to CAEATFA, which reviews the applications to determine if they qualify for the STE. Statute limits the program to awarding \$100 million in sales and use tax exclusions in each calendar year, and applicants are limited to \$10-15 million per year. Currently, 85 projects have received the STE for advanced manufacturing, and some examples of project types include the following:

- Strip Mining
- Metal Forging and Thin Steel Plate Manufacturing
- Semiconductor and Fabrication Equipment Manufacturing
- Fertilizer Production
- Lithium Battery Cell Manufacturing
- Metal Products Manufacturing
- Electric Vehicle Battery Manufacturing
- Biopharmaceutical and Medical Device Manufacturing
- Recycled Food Packaging Manufacturing and Label Production
- Advanced Carpet Recycling
- Water Bottling Facility
- Lithium Recovery and Processing
- Beverage Production
- Solar Photovoltaic Manufacturing
- Defense and Aerospace manufacturing
- Advanced Robotic Surgical Systems and Tools
- Electric Vehicle Charging Station Production
- Peptide Pharmaceutical Manufacturing
- Health and Beauty Products
- Fuel Grade Hydrogen Production
- Carbon Black Production
- Biomass Processing, Fuel Production and Corn Oil Production
- Rail Transportation Manufacturing
- Residential Insulation Manufacturing

- 5) *Governor Certification process for CEQA streamlining ELDP.* The Legislature has developed the Environmental Leadership Development Program, which authorizes projects meeting strong environmental and labor to be certified by the Governor as “leadership” projects and receive judicial and administrative streamlining.

Judicial streamlining requires that a CEQA lawsuit against an ELDP project be heard in 270 days, including all appeals, as feasible. Administrative streamlining requires projects to prepare the administrative record, the comprehensive document at the heart of a CEQA case, at the same time as the environmental review documents are prepared. Preparing these documents concurrently, instead of sequentially, saves time if there is a lawsuit.

In 2011, the Legislature passed the first CEQA streamlining certification program with the Jobs and Economic Improvement Through Environmental Leadership Act (Leadership Act), which created CEQA streamlining for residential, retail, commercial, sports, and recreational use projects that were certified as Environmental Leadership Development Projects (ELDP) by the Governor (AB 900, Buchanan, Chapter 354, Statutes of 2011). The ELDP program was further extended and modified in 2021 with SB 7 (Atkins, Chapter 19, Statutes of 2021). In 2023, The Legislature expanded these same streamlining provisions for certain energy, transportation, and water infrastructure projects (SB 149, Caballero, Chapter 60, Statutes of 2023).

While the specific criteria for ELDP certification depends on the project type, existing ELDP certification requires that projects meet skilled and trained or prevailing wage labor standards, such as achieving Leadership in Energy and Environmental Design (LEED) Gold certification and being greenhouse gas neutral. SB 149 (Caballero, Chapter 60, Statutes of 2023) also includes a specific equity provision which requires that projects both minimize significant environmental impacts in disadvantaged communities and take mitigation measures that directly benefit the affected community.

The average time between submitting the application and getting the ELDP certification by the Governor is relatively short, typically 1-3 months.

- 6) *CEQA exemptions for childcare facilities.* Currently, most childcare facilities are exempt from CEQA. A search of the terms “childcare” and “preschool” on CEQAnet, the statewide database of CEQA documents, returns dozens of examples of Notices of Exemptions for preschools and childcare facilities. Common CEQA exemptions for childcare facilities include the ‘existing facilities’ CEQA exemption for buildings that are being repurposed, and the

Class 32 ‘infill’ exemption for projects in infill areas. Many more daycare facilities are likely considered by-right, meaning that they are not subject to CEQA at all and may not file notices of exemption. The same search of ‘childcare’ and ‘preschool’ returned no examples of the more environmentally intensive EIR documents being prepared for daycare facilities. In other words, childcare facilities are almost always CEQA exempt under current law.

- 7) *Habitat Conservation Plans (HCP) Natural Community Conservation Plans (NCCP) and Habitat for Protected Species.* The newly created CEQA exemptions in SB 131 do not apply on ‘natural and protected lands’, which includes HCP’s and NCCP’s.

An HCP is a planning document designed to accommodate economic development to the extent possible by authorizing the limited and unintentional take of listed species when it occurs incidental to otherwise lawful activities. The plan is designed not only to help landowners and communities but also to provide long-term benefits to species and their habitats. An NCCP is a similar planning document, which identifies and provides for the regional protection of plants, animals, and their habitats, while allowing compatible and appropriate economic activity. Working with landowners, environmental organizations, and other interested parties, a local agency oversees the numerous activities that compose the development of an NCCP. CDFW and the U.S. Fish and Wildlife Service provide the necessary support, direction, and guidance to NCCP participants. There are currently 17² approved NCCPs.

However, only small portions across the entire state of California have adopted HCP’s or NCCPs. In addition, those areas with HCP’s and NCCPs tend to be more clustered in and around urban centers, rather than in the less developed areas of the state.

“Habitat for protected species” is a broader definition, capturing all areas that have habitat for species that are endangered, threatened, or at risk of being endangered. This also includes entire ecosystems, such as chaparral and coastal sage brush and oak woodlands, and requires, in the absence of other information, biological assessments to determine if endangered, threatened, or otherwise sensitive species are located on a given site.

Comments

- 1) *Purpose of Bill.* According to the author “SB 954 makes targeted changes to last year’s California Environmental Quality Act (CEQA) reforms enacted in

² <https://wildlife.ca.gov/Conservation/Planning/NCCP>

SB 131. In particular, the bill would narrow overly broad definitions of advanced manufacturing, add environmental guardrails to protect communities, and clarify language so the original intent of SB 131 is followed without harming the environment, labor or tribal resources.

“SB 954 strengthens protections for habitat of protected species, extends CEQA exemptions for residential daycare facilities, and adds clear environmental guardrails to the CEQA exemption for advanced manufacturing, and specifies the intent of the Legislature to further narrow the definition of advanced manufacturing to appropriate sectors, allowing room for stakeholders and the Legislature to continue discussions on the definition of advanced manufacturing and CEQA exemptions.”

- 8) *Is strip mining really “Advanced Manufacturing”?* Advanced manufacturing can include cutting edge technologies integrated into manufacturing that will decrease energy consumption and pollution while providing clean, safe jobs for workers. The definition of advanced manufacturing in current law is very broad, including “manufacturing processes that improve existing or create entirely new materials, products, and process” and are “systems that result from substantive advancement, whether incremental or breakthrough, beyond the current industry standard, in the production of materials and products” including systems that are often referred to as “smart” or “intelligent” manufacturing systems.

In short, the current definition of advanced manufacturing could arguably apply to most manufacturing so long as it improves systems, even incrementally, using ‘smart’ systems such as integrating AI or computing. None of these definitions restrict products on their environmental impacts or even requires that this manufacturing be to create cutting edge products: it simply must be more efficient than the industry standard, even if it pertains to a process like strip mining (the CAEFTA tax credit using this definition of ‘advanced manufacturing’ has been awarded to a strip mining operation).

Such a broad definition may be reasonable for the use it was intended for: a tax credit, where each applicant is evaluated by the CAEFTA before being awarded the tax credit. A definition this broad, however, introduces a myriad of complexities for qualification in skipping environmental review through CEQA.

One study by the Institute of Research on Labor and Employment has already considered the environmental and economic impacts associated with ‘advanced manufacturing’ projects that have received the CAEFTA tax credit to try and

estimate how a CEQA exemption for such projects could impact the environment and economy. According to that report:

“The specific risks presented by the “advanced manufacturing” CEQA exemption can be illustrated by several examples. The first of these is the Mountain Pass Rare Earth Mine in the Mojave Desert, operated by MP Materials Corporation, which was granted tax credits as an “advanced manufacturing” facility in 2021. If this facility is issued a CEQA exemption for its planned expansion (Kimball, 2025), its parent company could circumvent key CEQA requirements for radioactive waste containment and groundwater protection. Critically, the facility was previously ordered to shut down in 2002 after about 600,000 gallons of radioactive toxic waste had spilled from seven separate spill events from a ruptured pipeline at the mine (Ali, 2014). Another example is the CertainTeed fiberglass insulation plant in Chowchilla. In 2020, the facility was sued for their glass melting furnace exceeding the opacity emission standard for soot and PM2.5 by more than 8,700 times, committing at least 163 discharge violations of smog-forming NOx, and failing to properly monitor pollution. In 2021, the plant was awarded “advanced manufacturing” STE tax credits, despite the facility’s record of environmental violations. Just two years after being classified as “advanced manufacturing” and awarded tax credits, CertainTeed emitted the second most PM2.5 pollution of any facility in the San Joaquin Valley”

- 9) ‘Advanced manufacturing’ in SB 954: still rendering. SB 954 does not define what facility types are advanced manufacturing: instead, it lays out a framework for the Legislature to further identify which types of advanced manufacturing facilities should be eligible for a CEQA exemption, in an environmentally protective framework. Notably, SB 954 specifies that the project types that will be developed are only for ‘final tier’ manufacturing. This narrowing is significant, since without this specification, it is not clear if ‘advanced manufacturing’ exemption would apply to all manufacturing along a given product chain, including manufacturing chemicals like PFAS that coat other products.

The million dollar question—what types of facilities will be defined as eligible for the advanced manufacturing CEQA exemption, is still open.

As the bill continues to move through the process, the author may wish to consider which manufacturing facilities are most essential for advancing the goals of the state.

- 2) *Environmental Guardrails and Leadership Certification.* SB 954 puts the discussion of what manufacturing facility types should be eligible for a CEQA exemption in an environmentally protective framework by adding numerous environmental guardrails and requiring that projects be certified by the Governor as ‘leadership’ projects meeting high environmental and labor standards.

Environmental guardrails. Environmental guardrails include requiring that in order to be eligible for the ‘advanced manufacturing’ exemption, projects meet the following criteria:

- a) Use zero emission backup generation
- b) Include a community benefits agreement
- c) Specifies that the project will not harm tribal resources or will use the existing CEQA consultation process to ensure
- d) Holds a public hearing on the proposed project
- e) Projects cannot emit more air pollutants including PM and NO_x and toxic air contaminants (TACS) than the threshold for significance for air pollution for CEQA review established by Bay Area Air Quality Management District, including cumulative emission thresholds for TACs.
- f) Be in heavy industrials zones, identified as such in 2026
- g) Be at least 1,000 foot setbacks from disadvantaged communities, as defined, including top 80% DACs identified in CalEnviroScreen, and top percentiles for low-income and environmental degradation layers separately.

These environmental guardrails not only limit pollution from manufacturing projects that want to skip environmental review through CEQA—they also require that projects within 1,000 feet of disadvantaged communities are not eligible for a CEQA exemption. Under SB 954, advanced manufacturing near disadvantaged communities would then have to go through the transparency and mitigation measures required under CEQA.

Certified ‘advanced manufacturing’ leaders. SB 954 also requires that projects, in order to be eligible for the ‘advanced manufacturing’ CEQA exemption, become certified by the Governor as advanced manufacturing leaders. This parallels the certification process in existing law which allows projects to get expedited judicial review if they are certified as environmental leadership development projects. The criteria for being certified as a leader require that the project applicant:

- a) Makes the case that the project is significantly better on resource consumption and less polluting than current industry

- standards, including demonstrating significant reductions in PFAS compared to industry baselines.
- b) Be LEED Gold eligible
 - c) Meets high roads labor criteria for construction and operation of projects (requiring skilled and trained standards for construction of public projects and prevailing wage for construction of private projects, and CBAs guaranteeing high roads labor standards including for construction)

As the bill moves through the legislative process, there are several ways in which both guardrails and the certification process may need to change as specific facility types become identified as ‘advanced manufacturing’, and some requirements of the bill need additional details to be implementable. Some examples follow:

It is not clear when the public hearing required as part of the eligibility criteria for SB 954 would take place. This timing is important, since public feedback on a project is likely to be more substantive the further along the project is in its planning stage. *To address the current lack of clarity, the author and committee may wish to specify that the public hearing occur only after the project has received the certification of leadership from the Governor.*

The language currently requires that projects be located in exclusively heavy industrial zones, as identified in 2026. While SB 131 restricted advanced manufacturing to ‘exclusively industrial’, and heavy industrial sites make up about 50% of the total industrial sites across California, it is unclear what percentage of sites are eligible for ‘heavy industrial’ but could also include ‘industrial’ and thus not be eligible for the CEQA exemption. *As the bill continues through the process, the author may wish to consider what definition of ‘heavy industrial’ best captures the areas that are zoned for the kind of manufacturing that would be CEQA exempt under SB 954.*

The Governor’s office may not have sufficient technical expertise to consider whether applicants meet all of the eligibility criteria for certification: *as the bill moves through the process and specific facility types become identified as ‘advanced manufacturing’, the author may wish to consider whether state agencies or other offices would be better positioned to certify projects as ‘advanced manufacturing leaders’.*

Different types of manufacturing may emit more PFAS and have more potential to reduce PFAS relative to industry baselines. *As the bill moves*

through the process, the author may wish to further consider what reduction in PFAS constitutes a 'significant' reduction for industry baselines.

Furthermore, several clarifying amendments are needed to define currently undefined terms related to the community benefits and labor provisions in the bill, including defining “community benefits agreement”, “enforceable provisions”, “high road labor standards” and “labor peace agreements.”

The environmental guardrails for SB 954 include limits for air pollution mirroring the requirements for thresholds of significance established by the Bay Area Air Quality Management District : however, the language in print does not set explicit thresholds for PM 2.5 and Methane.

The author and committee may also wish to add definition for labor terms in the bill and specify thresholds for PM 2.5 and methane mirroring criteria from BAAQMD to the bill.

- 3) *'Habitat for protected species'*: *not good sites for CEQA exemptions.* The framework for protecting sensitive habitats and species in California is done through CEQA. CEQA can require biological assessments as part of environmental review documents: these biological assessments would not generally be done outside of CEQA, unless there is another CDFW permit required, such as a Lake and Streambed Alteration Agreement. These biological assessments are essential to ensure that the California Endangered Species Act is enforced: if a species is protected by the California Endangered Species Act then a take permit would be required, but without the biological assessments, there may be no knowledge that a particular listed species is present unless a biological assessment is done. In this way, CEQA acts as a linchpin for environmental laws protecting endangered species.

There are also many species that are not fully protected or endangered that would still be at risk if the habitat for protected species is not included, such as the Gila monster, monarch butterflies, Short eared Owls, California giant salamander, and entire ecosystems, such as chaparral and coastal sage brush and oak woodlands.

In requiring that the new slew of CEQA exemptions created in SB 131 do not apply in 'habitat for protected species', SB 954 sets up a process by which a developer in areas that are likely to have habitat would have to conduct

biological assessments to determine whether or not protected species are present before beginning construction.

- 8) *CEQA as linchpin of environmental laws.* As discussed in the background section, CEQA is first and foremost a planning and transparency law. It requires that government agencies and the public are aware of the environmental impacts of a proposed project, and that measures are taken to mitigate any negative environmental impacts that result from a project. In considering all environmental impacts in one environmental analysis, CEQA can act as a consolidation of other environmental review processes. The analyses created for CEQA are used to inform other permitting processes, including permits from the air districts and water boards. Without CEQA, getting a permit from any agency, and compiling permits from all relevant agencies, may be more challenging and time consuming: CEQA exemptions for projects that will require significant analysis from state agencies in their permitting process may increase timelines for obtaining those permits.

As the bill continues through the legislative process, the author may wish to consider how best to dovetail eligibility for the advanced manufacturing CEQA exemption with analyses and actions that are consistent with existing permits and requirements from environmental regulatory agencies.

- 4) *CEQA exemptions for Daycare facilities.* SB 954 expands the CEQA exemption for childcare facilities to include those in residential areas, and adds guardrails requiring that to get the exemption, projects cannot be in industrial zones or within 3,200 feet of oil wells. This modifies the CEQA exemption for childcare facilities in SB 131, which applied to all childcare facilities unless they were in residential areas: by moving the areas where CEQA exemptions for daycare facilities apply from all areas except residential areas to all areas except industrial zones, SB 954 offers a planning paradigm that is more protective of human health.

SB 954 is compatible with SB 299, a bill heard earlier this year in Senate EQ, that created a new CEQA exemption for family daycare homes and day care centers that are located in *exclusively* residential areas, are 3,200 feet setback from oil wells, and are not located on natural and protected lands.

The author and committee may wish to further expand the list of facilities that are eligible for CEQA exemptions to include family daycare homes.

- 5) *Committee amendments. Staff recommends the committee adopt the bolded amendments contained in comments 2 and 4 above.*

DOUBLE REFERRAL:

If this measure is approved by the Senate Environmental Quality Committee, the do pass motion must include the action to re-refer the bill to the Senate Labor Committee.

Related/Prior Legislation

SB 299 (Cabaldon) would create an exemption from the California Environmental Quality Act (CEQA) for family daycare homes for residential day care facilities, as specified. This bill is awaiting hearing in the assembly.

SB 131 (Chapter 24, Statutes of 2025), makes numerous changes to CEQA, including creating CEQA exemptions for advanced manufacturing, stations for high-speed rail, an exemption for rezoning of housing elements, and day care facilities among others.

SOURCE: Author

SUPPORT:

1000 Friends Protecting Historic Benicia
2100 Iff Strategies
350 Bay Area Action
350 Contra Costa Action
350 South Bay Los Angeles
350 Southland Legislative Alliance
Alta Peak Chapter, California Native Plant Society
Apen Action
Arroyos & Foothills Conservancy
Ballona Wetlands Institute
Bluegreen Alliance
Brentwood Alliance of Canyons & Hillside
California Coastal Protection Network
California Environmental Justice Alliance (CEJA) Action
California Environmental Voters
California Federation of Labor Unions
California Interfaith Power & Light
California Land Watch
California Native Plant Society

California River Watch
California Wildlife Foundation
Californians Against Waste
Calwild
Canyon Back Alliance
Center for Biological Diversity
Center for Environmental Health
Center for Food Safety
Center on Race, Poverty & the Environment
Central Valley Partnership
Chips Communities United
Citizens Committee to Complete the Refuge
Citizens for Los Angeles Wildlife (CLAW)
Citizens for the Preservation of Parks & Beaches
Citizens' Climate Lobby Monterey Bay
Clean Water Action
Cleaneearth4kids.org
Climate Action California
Climate Health Now Action Fund
Climate Reality Contra Costa County Policy Action Squad
Climate Reality Project Bay Area Chapter
Climate Reality Project, Orange County Chapter
Coalition for a Beautiful Los Angeles
Coalition for Clean Air
Coast Action Group
Coastal Corridor Alliance
Coastal Lands Action Network (CLAN)
Defend Ballona Wetlands
Earthjustice
Endangered Habitats League
Environment California
Environmental Action Committee of West Marin
Environmental Council of Sacramento (ECOS)
Environmental Defense Center
Environmental Protection Information Center
Escondido Creek Conservancy
Families Advocating for Chemical and Toxics Safety
Forest Unlimited
Forests Forever
Fossil Free California
Friends of Griffith Park
Friends of Harbors, Beaches and Parks

Friends of Rose Creek
Friends of the Los Angeles River
Friends of the Lost Coast
Friends of the River
Good Neighbor Steering Committee
Green Foothills
Greenfield Walking Group
Greenla Coalition
Greenlatinos
Habitat 2020
Hills for Everyone
Humboldt Waterkeeper
Interfaith Climate Action Network of Contra Costa County
LA Waterkeeper
Laguna Greenbelt INC.
Leadership Counsel for Justice and Accountability
Long Beach Alliance for Clean Energy
Los Cerritos Wetlands Land Trust
Morongo Basin Conservation Association
Mothers Out Front Silicon Valley
Mount Shasta Bioregional Ecology Center
Napa Solano Audubon Society
National Parks Conservation Association
Natural Resources Defense Council (NRDC)
No Data Center Mpk
Occidental Arts and Ecology Center
Oswit Land Trust
Pacific Forest Trust
Physicians for Social Responsibility - Los Angeles
Preserve Calavera
Progressive Democrats of Benicia
Protect Monterey County
Protect San Benito County
Resource Renewal Institute
Restore the Delta
Russian Riverkeeper
San Diego Bird Alliance
San Francisco Bay Area Chapter Physicians for Social Responsibility
San Francisco Baykeeper
Sandiego350
Santa Clara Valley Bird Alliance
Santa Clarita Organization for Planning and the Environment

Santa Cruz Climate Action Network
Save the Bay
Save the Park
Save the Sonoma Coast
Sea and Sage Audubon Society
Sierra Club California
Sierra Watch
Socal350 Climate Action
Solano County Orderly Growth Committee
Sonoma Land Trust
State Building & Construction Trades Council of California
Sunflower Alliance
Surfrider Foundation
The Last Plastic Straw
The River Otter Ecology Project
Third ACT Bay Area
UAW Region 6
Valley Improvement Projects (VIP)
We Advocate Thorough Environmental Review
Western Watersheds Project
Yosemite Rivers Alliance

OPPOSITION:

Bay Area Council
California Cement Manufacturers Environmental Coalition
California Chamber of Commerce
California Manufacturing Technology Association
Western Electrical Contractors Association

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