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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair  
2025 - 2026 Regular Session

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### **SB 954 (Blakespear) - California Environmental Quality Act: advanced manufacturing facilities: exemption**

**Version:** April 16, 2026

**Urgency:** No

**Hearing Date:** May 4, 2026

**Policy Vote:** E.Q. 5 - 2, L., P.E. & R. 4 - 1

**Mandate:** Yes

**Consultant:** Ashley Ames

**Bill Summary:** This bill would make several changes to existing California Environmental Quality Act (CEQA) exemptions, including extending specified labor standards to the CEQA exemption for “advanced manufacturing facility projects” and excluding ‘habitat for protected species’ from a number of CEQA exemptions introduced in SB 131 (Chapter 24, Statutes of 2025).

#### **Fiscal Impact:**

- The Governor’s Office of Land Use and Climate Innovation (LCI) estimates one-time costs of \$448,000 spread over two years for one limited-term positions to establish to draft guidelines, develop internal processes and procedures, begin accepting applications, and provide technical assistance and engagement regarding the addition of an advanced manufacturing category to judicial streamlining certification.
- Unknown but potentially significant one-time costs (Energy Resources Program Account [ERPA] or General Fund) for the California Energy Commission (CEC) to develop and make available to lead agencies guidelines for evaluating whether a project applicant demonstrates high road employment standards.
- To the extent that projects qualify for judicial streamlining certification that otherwise would not have qualified absent this bill, it would result in potential cost pressure of an unknown amount (General Fund) to the state-funded court system to process and hear challenges to a project’s environmental review within the required timeframes.
- Unknown costs (various funds) for other state entities and lead agencies to implement the provisions of this bill.

**Background:** 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.

**Proposed Law:** This bill would:

1. Expand the definition of daycare facilities and change 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. Add “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).
3. Add additional conditions to the advanced manufacturing CEQA exemption to require an “advanced manufacturing facility project” be certified by the Governor, as specified, and meet all of the following criteria:
  - a. The project is located on a site zoned exclusively for heavy industrial uses as of January 1, 2026.
  - b. The project is not located within 1,600 feet of a sensitive receptor.
  - c. The project is not located within 1,000 feet of a disadvantaged community, as specified.
  - d. The project does not exceed specified operational or construction emissions limits.
  - e. The project is compliant with a quality community risk reduction plan or demonstrates an increased cancer risk of no more than 10 in one million and an increase in noncancer risk of less than 1.0 on the hazard index for both chronic and acute exposure for receptors within 1,000 feet radius of the fence of the advanced manufacturing facility.
  - f. The project does not cause significant adverse impacts to tribal cultural resources unless there is a documented enforceable agreement, as specified.
  - g. The project is not located on natural and protected lands.
  - h. The project uses zero-emission backup generation.
  - i. The lead agency completes specified tasks, described below.
4. Provide that an advanced manufacturing project is eligible for certification by the Governor if the project meets both of the following:
  - a. The advanced manufacturing facility is certified as Leadership in Energy and Environmental Design gold or better by the United States Green Building Council.
  - b. The applicant demonstrates that the project has significant improvements over the current industry standards for energy and water consumption, water quality impacts, specifically including reducing perfluoroalkyl or

polyfluoroalkyl substances effluent as compared to industry baselines, and air quality impacts.

5. Require the lead agency, before determining that a project is exempt from CEQA, to do all of the following:
  - a. Hold at least one public hearing on the project.
  - b. Ensure that the applicant demonstrates high road employment standards and enters into a community benefits agreement (CBA), as specified in 6).
  - c. Ensure that the applicant complies with prevailing wage and STW requirements, as specified below.
6. Require an applicant of a project that is exempt from CEQA under these provisions to meet both of the following requirements:
  - a. The applicant shall demonstrate high road employment standards and shall certify to the lead agency that it will maintain those standards in the operation of the facility.
    - i. The California Energy Commission shall develop and make available to lead agencies guidelines for evaluating whether a project applicant demonstrates high road employment standards.
  - b. The applicant shall enter into a bona fide CBA that includes enforceable commitments to provide local environmental mitigation, high road employment standards, and job access within the community in which the project is located.
    - i. The specific terms of the bona fide CBA shall include funding for, or direct implementation of, specific community improvements or amenities.
7. Require, for a project that is exempt from CEQA under these provisions, the applicant to comply with either of the following requirements with respect to the *initial construction of the facility and subsequent maintenance* that is contracted out to a contractor in the construction industry:
  - a. **For a project undertaken by a public agency**, the following apply:
    - i. The project is a public work for which prevailing wages shall be paid, as specified.
    - ii. An entity shall not be prequalified or shortlisted or awarded a contract by the public agency to perform any portion of the project unless the entity provides an enforceable commitment to the public agency that the entity and its contractors and subcontractors at every tier will use a STW to perform all work on the project or contract, as specified.

- iii. The STW requirement does not apply if the project will be covered by a PLA that will bind all contractors and subcontractors at every tier performing work on the project to use a STW and provide for enforcement of that obligation through an arbitration procedure.
- b. **For a project undertaken by a private entity**, the applicant shall do all of the following:
  - i. Certify to the lead agency that either of the following is true:
    - a. The entirety of the project is a public work, as specified.
    - b. If the project is not in its entirety a public work, all construction workers employed on the project will be paid at least the general prevailing rate of per diem wages, as specified. If the project is subject to this provision, then for the portions of the project that are not a public work, the bill would specify all of the provisions that shall apply.
  - ii. Certify to the lead agency that a STW will be used to perform all construction work on the project. The bill would specify all of the requirements that shall apply to the project:
- 8. Define several terms and establish legislative intent.

**Related 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.

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.

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