

Date of Hearing: June 22, 2026

ASSEMBLY COMMITTEE ON NATURAL RESOURCES  
Isaac G. Bryan, Chair  
SB 954 (Blakespear) – As Amended May 14, 2026

**SENATE VOTE:** 23-9

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

**SUMMARY:** Repeals the California Environmental Quality Act (CEQA) exemption for advanced manufacturing facilities enacted by SB 131 (Budget Committee), Chapter 24, Statutes of 2025, replacing it with a more limited exemption with extensive environmental and labor conditions. Revises other provisions of SB 131 to expand the exemption for day care centers and exclude habitat for protected species and tourism facilities from specified provisions.

**EXISTING LAW:**

- 1) CEQA requires lead agencies with the principal responsibility for carrying out or approving a proposed project to prepare a negative declaration, mitigated negative declaration, or environmental impact report (EIR) for this action. (Public Resources Code (PRC) 21000 *et seq.*)
- 2) Exempts from CEQA a facility for “advanced manufacturing” that is located on a site zoned exclusively for industrial uses, excluding projects on natural and protected lands. (PRC 21080.69)
- 3) Exempts from CEQA a project that consists exclusively of a day care center that is not located in a residential area, excluding projects on natural and protected lands. (PRC 21080.69)
- 4) Exempts from CEQA a rezoning that implements the schedule of actions in an approved housing element, provided any natural and protected lands, except for farmland, are excluded. (PRC 21080.085)
- 5) Defines “natural and protected lands” as sites located within any of the following locations:
  - a) The state park system.
  - b) A wilderness area.
  - c) A marine protected area.
  - d) The national park system.
  - e) A national recreation area.
  - f) A national monument.

- g) The national wild and scenic rivers system.
- h) Any ecological reserve or wildlife management area acquired and managed by the Department of Fish and Wildlife.
- i) A hazardous waste site that has not been cleared for the use proposed by the project, as specified.
- j) Within a regulatory floodway as determined by the Federal Emergency Management Agency unless the development has received a no-rise certification.
- k) Lands under conservation easement.
- l) On, or within a 300-foot radius of, a wetland, as defined in the United States Fish and Wildlife Service Manual.
- m) An environmentally sensitive area within the coastal zone.
- n) Lands identified for conservation in an adopted natural community conservation plan, habitat conservation plan, or other adopted natural resource protection plan.
- o) Within a very high fire hazard severity zone or within the state responsibility area unless the site has adopted fire hazard mitigation measures pursuant to existing building standards or state fire mitigation measures applicable to the development, as specified.
- p) Either prime farmland or farmland of statewide importance, as specified, or land zoned or designated for agricultural protection or preservation by a local ballot measure.

(PRC 21067.5)

- 6) Defines “advanced manufacturing” as 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:
  - a) Microelectronics and nanoelectronics, including semiconductors.
  - b) Advanced materials.
  - c) Integrated computational materials engineering.
  - d) Nanotechnology.
  - e) Additive manufacturing.
  - f) Industrial biotechnology.

“Advanced manufacturing” includes any of the following:

- g) 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.
- h) Sustainable manufacturing systems and manufacturing technologies that minimize the use of resources while maintaining or improving cost and performance, not including those required to be undertaken pursuant to state or federal law or regulations, air district rules or regulations, memoranda of understanding with a governmental entity, or legally binding agreements or documents.  
(PRC 26003)

**THIS BILL:**

- 1) Adds habitat for protected species to the list of “natural and protected lands” for purposes of excluding such habitat from:
  - a) Limitations on CEQA review when a housing project would be eligible for exemption except for a single condition.
  - b) Exemptions for advanced manufacturing facilities, day care centers, rural health clinics, nonprofit food banks, high-speed rail maintenance facilities and stations, and rezoning to implement a housing element.
- 2) Defines “tourism facility” as a hotel, resort, other transient lodging facility, or an event center for purposes of excluding tourism facilities from the exemption for rezoning to implement a housing element.
- 3) Revises the exemption for day care centers to include projects in residential areas and exclude projects in areas zoned for industrial use and areas within 3,200 feet of an oil or natural gas extraction or refining facility.
- 4) Repeals the exemption for advanced manufacturing facilities on industrial sites and instead adds an exemption for advanced manufacturing facilities as follows:
  - a) Limits to facilities used exclusively for final tier manufacturing, as defined.
  - b) Adds the following location requirements:
    - i) Site zoned exclusively for heavy industrial uses as of January 1, 2026.
    - ii) Not located within 1,600 feet of a sensitive receptor (e.g., a residence, school, daycare, park, nursing home, or hospital), within 1,000 feet of a disadvantaged community, or on natural or protected lands.
  - c) Adds the following emissions limits:
    - i) Fifty-four pounds per day or 10 tons per year of reactive organic gases, whichever is lower.

- ii) Fifty-four pounds per day or 10 tons per year of oxides of nitrogen, whichever is lower.
  - iii) Eighty pounds per day or 14.6 tons per year, whichever is lower, of particulate matter less than 10 microns in diameter.
  - iv) Fifty-four pounds per day or 10 tons per year, whichever is lower, of particulate matter less than 2.5 microns in diameter.
  - v) Ten pounds per day or less of methane.
  - vi) One hundred thirty-seven pounds per day or 25 tons per year, whichever is lower, of oxides of sulfur.
  - vii) Five hundred forty-eight pounds per day or 100 tons per year, whichever is lower, of carbon monoxide.
- d) Requires compliance with a quality community risk reduction plan or demonstration of 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 facility.
  - e) Prohibits the project from causing significant adverse impacts to tribal cultural resources, unless there is a documented enforceable agreement, as specified.
  - f) Requires use of zero-emission backup generation.
  - g) Requires the Governor to certify that the project:
    - i) Is certified Leadership in Energy and Environmental Design (LEED) gold or better.
    - ii) Demonstrates significant improvements over current industry standards for energy and water consumption, water quality impacts, specifically including reducing perfluoroalkyl or polyfluoroalkyl substances (PFAS) effluent as compared to industry baselines, and air quality impacts.
  - h) Requires the lead agency to hold at least one public hearing on the project and ensure that the applicant complies with specified “high road” employment standards, enters a community benefits agreement, and for construction work, pays prevailing wages and uses a skilled and trained workforce, or has a project labor agreement.

**FISCAL EFFECT:** According to the Senate Appropriations Committee:

- 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.

#### COMMENTS:

- 1) **Background.** The definition of “advanced manufacturing” borrowed for the CEQA exemption added by SB 131 was established in 2013 for purposes of a temporary tax credit program that currently expires in 2028. The definition is extremely broad and vague, in the sense that it describes general manufacturing products and processes rather than physical projects. The definition includes no reference to, or conditions regarding, the environmental benefits or impacts of advanced manufacturing projects.

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) Sales and Use Tax Exclusion (STE) Program, offers a full sales and use tax exclusion on equipment purchases for qualified advanced manufacturers meeting this definition. Any business wishing to receive this exclusion must apply to CAEATFA, which reviews the applications to determine if they qualify for the STE. Currently, 85 projects have received the STE for advanced manufacturing. 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
- 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
- Carbon Black Production
- Biomass Processing, Fuel Production and Corn Oil Production
- Rail Transportation Manufacturing
- Residential Insulation Manufacturing

Unlike the tax credit process, which requires applications to be reviewed and approved by CAEATFA, the eligibility for the CEQA exemption typically will be determined by city or county lead agencies.

2) **Author's statement:**

Last year, the Legislature passed Senate Bill 131 through the budget process. While SB 131 created many sensible CEQA exemptions and reforms, it also created an exemption for advanced manufacturing that is so broad it covers strip mining and other activities known to be especially harmful to the environment. SB 131 passed the Legislature with the commitment that the policy would be revisited to add stronger protections for habitat, tribal resources, and to reconsider the scope of CEQA exemptions for advanced manufacturing.

SB 954 follows through on those promises by adding important guardrails to the CEQA exemption for advanced manufacturing, including adding protections for tribal cultural resources, in addition to adding labor provisions to the CEQA exemption for advanced manufacturing. SB 954 also excludes habitat for protected species from many of the CEQA exemptions created in SB 131, and expands SB 131's CEQA exemption for daycare facilities to include residential areas while excluding industrial areas.

Ultimately, SB 954 advances the goals of SB 131 to reduce green tape while adding the important protections for habitat, communities, tribal resources, and workers needed to ensure that California is not just building more, but building better.

3) **Double referral.** This bill has been double-referred to the Labor and Employment Committee.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

350 Humboldt: Grass Roots Climate Action  
350 Sacramento  
A Voice for Choice Advocacy  
California Alliance for Retired Americans  
California Environmental Voters  
California Federation of Labor Unions, AFL-CIO  
California State Association of Electrical Workers  
California State Legislative Board of the Smart - Transportation Division  
California State Pipe Trades Council  
Center for Biological Diversity  
Center on Race, Poverty & the Environment  
Clean and Healthy California  
Coalition for Clean Air  
Contra Costa Labor Council  
Defenders of Wildlife  
Earthjustice  
Five Counties Central Labor Council  
Inland Empire Labor Council, AFL-CIO  
International Brotherhood of Electrical Workers (IBEW)  
International Brotherhood of Electrical Workers, Local 1245  
Leadership Counsel for Justice & Accountability  
Napa-Solano Central Labor Council (AFL-CIO)  
Nature Conservancy  
North Bay Labor Council  
North Valley Labor Federation  
Orange County Labor Federation, AFL-CIO  
Planning and Conservation League  
Sacramento Central Labor Council, AFL-CIO  
San Diego & Imperial Counties Labor Council  
San Mateo County Central Labor Council  
Sea and Sage Audubon Society  
State Building and Construction Trades Council of California, AFL-CIO  
Teamsters California  
UAW Region 6  
Unite Here Local 11  
United Food and Commercial Workers, Western States Council  
Western States Council of Sheet Metal, Air, Rail, & Transportation

## **Opposition**

Bay Area Council  
California Association for Local Economic Development  
California Business Properties Association  
California Business Roundtable  
California Cement Manufacturers Environmental Coalition  
California Chamber of Commerce  
California Construction & Industrial Materials Association  
California Council for Affordable Housing  
California Manufacturers and Technology Association

California Retailers Association  
California YIMBY  
Chemical Industry Council of California  
Circulate Planning & Policy  
East Bay Economic Development Alliance  
East Bay Leadership Council  
Fieldstead and Company  
Greater Sacramento Economic Council  
Housing Action Coalition  
Los Angeles Area Chamber of Commerce  
NAIOP Commercial Real Estate Development Association SoCal Chapter  
New California Coalition  
North Bay Leadership Council  
Orchard Partners  
Reach Central Coast  
Rural County Representatives of California (unless amended)  
San Joaquin Valley Manufacturing Alliance  
San Mateo County Economic Development Association  
Santa Rosa Metro Chamber  
Southern California Leadership Council  
SPUR  
Student Homes Coalition  
Supply Chain Federation  
Western Electrical Contractors Association

**Analysis Prepared by:** Lawrence Lingbloom / NAT. RES. /