Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 954 (Blakespear) – As Amended May 14, 2026

Policy Committee:	Natural Resources	Vote:	9 - 4
	Labor and Employment		5 - 1

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

SUMMARY:

This bill narrows the California Environmental Quality Act (CEQA) exemption for advanced manufacturing facilities enacted by SB 131 (Budget Committee), Chapter 24, Statutes of 2025, by limiting the exemption to projects certified by the Governor that satisfy extensive environmental, siting, public process, and labor standards.

More specifically, this bill, among other things:

1) Adds ‘habitat for protected species,’ as defined, to the list of ‘natural and protected lands,’ which are lands on which many of the CEQA exemptions created by SB 131 do not apply.

2) Defines “tourism facility” as a hotel, resort, other transient lodging facility, or an event center for purposes of excluding tourism facilities from the CEQA 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) Specifies that the SB 131 CEQA exemption for advanced manufacturing facilities applies only to projects involving "final tier manufacturing," as defined, that are certified by the Governor and satisfy numerous specified environmental, siting, and labor requirements.

FISCAL EFFECT:

1) The Governor’s Office of Land Use and Climate Innovation (LCI) – which provides technical assistance related to CEQA to state and local government agencies and develops technical advisories on selected CEQA topics – estimates annual General Fund costs of $224,000 for two years for an air pollution specialist to draft guidelines, develop internal processes and procedures, accept project applications for certification by the Governor, review and make public evidence and materials demonstrating that a project meets the bill’s requirements, and provide technical assistance to applicants.

   The bill allows LCI to charge a fee on an applicant seeking certification for the reasonable costs incurred by the Governor’s Office in implementing this bill. Currently, LCI charges fees for applicants seeking its certification for judicial streamlining. For example, the office charges a clean renewable energy project that generates electricity exclusively through wind or solar seeking certification for judicial streamlining a $39,000 fee. LCI expects to similarly charge a fee to applicants seeking certification (for a full CEQA exemption) under this bill to cover its ongoing costs.

2) The California Energy Commission (CEC) – which the bill tasks with developing and making available to lead agencies guidelines for evaluating whether a project applicant demonstrates "high road employment standards" – estimates a one-time cost of $273,000 for one year for one attorney to develop the required guidelines. Because of the ongoing structural deficit within the Energy Resource Program Account (ERPA) Fund, the CEC's primary account, ERPA may not be able to support the implementation of this bill.

3) The Labor Commissioner's Office (LCO) estimates costs of $850,000 in year one followed by ongoing annual costs of $800,000 (State Public Works Enforcement Fund) to enforce the bill's labor standards by investigating complaints, conducting audits, determining compliance with prevailing wage, skilled and trained workforce, and other applicable labor requirements, and issuing penalties or other enforcement actions.

COMMENTS:

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

> 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…

2) **Background.** SB 131, among other things, established CEQA exemptions for a wide range of projects, including (with specified limitations and criteria) stations for high-speed rail, day care centers, rural health clinics and federally qualified health centers, nonprofit food banks and food pantries, and advanced manufacturing facilities.

   Writing in support of this bill, a coalition of organizations argues that legal experts have warned that the broad definition of "advanced manufacturing" in SB 131 "could include an incredibly large range of industrial projects, from chemical manufacturing to fuel production to nuclear facilities," and that "never before had the Legislature exempted such hazardous land uses from CEQA's requirements for transparency, impact mitigation, and community input. SB 954 makes several necessary changes to SB 131 to limit the potential harms that the CEQA exemptions may cause." The coalition argues that while they question whether facilities of this nature should be eligible for a CEQA exemption at all, "given the serious threats they pose, SB 954 represents a compromise that maintains the exemption while restoring basic, longstanding protections."

   Writing in opposition, a coalition of business and housing groups argue this bill jeopardizes the successful implementation of local housing elements by narrowing the CEQA exemptions previously granted to city and county rezoning actions. By reintroducing "habitat for protected species" as a disqualifying factor for these exemptions, the coalition asserts, the bill creates immense uncertainty for local governments. The coalition further argues this bill eliminates eligible SB 131 sites, overrides local control, includes infeasible environmental standards and unprecedented labor standards, requires the Governor to personally approve projects, and introduces a problematic "final tier manufacturing" definition, among other objectionable provisions.

3) **Related Legislation.** SB 299 (Cabaldon) of the current legislative session exempts from CEQA a project that consists exclusively of a day care center located on a parcel of land zoned exclusively for residential use, except for a project located within 3,200 feet of a facility that actively extracts or refines oil or natural gas or a project located on natural and protected lands. SB 299 is pending in this committee.

Analysis Prepared by: Nikita Koraddi / APPR. / (916) 319-2081