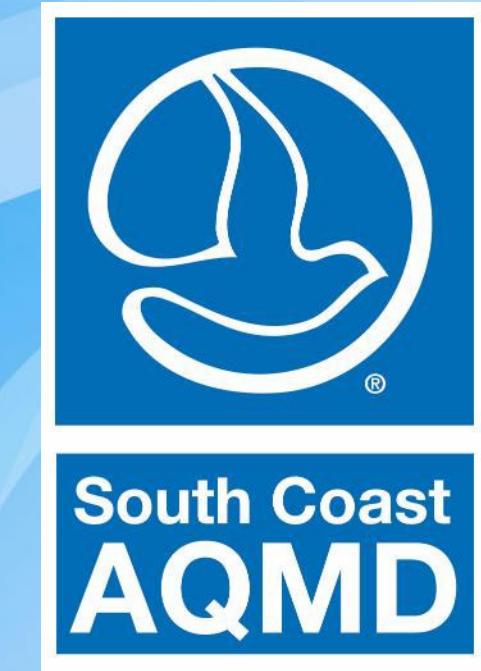




2025 STATE AND FEDERAL LEGISLATIVE RECAP & 2026 PRIORITIES OUTLOOK

JANUARY 9, 2026



Overview

Dynamics Affecting Legislation & Actions

Legislative Strategy

**Recap of 2025 Legislative Sessions & Outlook
for 2026:**

- State
- Federal

Path Forward

Dynamics Affecting Legislation & Actions

State

- Over 30% turnover in Legislature
- High staff turnover
- 35 bill limit per Legislator
- Budget deficit
- External pressures: Uncertain economy & wildfires
- Federal actions targeting California

Federal

- Divided Congress with narrow majorities
- Administrative Actions: Executive Orders, Rescinding & Changing Regulations, Programs & Grants
- Litigation
- Uncertain economy
- Mid-term elections / Redistricting



Results:

- Legislation impacting local authority
- Policies with unintended consequences
- Unfunded mandates
- Dysfunctional State & Federal Relationship

Optimizing Legislative Strategy



Sponsored State Legislation



AB 907 (Chen): CARB Board Member Compensation

- 2-year bill, Senate Environmental Quality



AB 1338 (Solache): Metal Shredding Facilities

- 2-year bill in Senate Environmental Quality



AB 1106 (Rodriguez): Air Incident Response

- Held in Assembly Appropriations suspense file

Priority State Legislation



AB 1266 (Solache): Administrative Procedures Act

- No position taken - Assemblymember worked with South Coast AQMD
- Resolved before a position was taken



SB 34 (Richardson): Air Pollution: South Coast AQMD: Mobile Sources: Ports

- Oppose
- Vetoed by Governor



SB 318 (Becker): Air Pollution: Stationary Sources: Best Available Control Technology

- Oppose
- Failed deadline in Senate Appropriations



SB 415 (Reyes): Planning and Zoning: Logistics Use Developments: Truck Routes

- Work with Author
- Chaptered 316, Statutes of 2025
- Amended prior bill, AB 98
- \$1M secured in Budget



SB 526 (Menjivar): South Coast Air Quality Management District: Air Quality

- Work with Author
- Partnership with Senator Menjivar to reduce emissions from Aggregate Recycling facilities & other sources in Sun Valley

Budget & Cap-and-Invest Reauthorization

2026 -27 Budget: AB 617

\$45M
Implementation

\$50M Incentives

\$5M Community
Air Grants

Cap-and-Invest

Reauthorized
through 2045

Up to **\$250M**
annually from
Greenhouse
Gas Reduction
Fund for AB
617

Dependent
upon funds
generated
through
auctions

Outlook: 2026 Issues / Bills of Interest

2026-27 Budget

Legislative Analyst Office:

- Anticipates \$18B budget shortfall
 - \$5B more than Administration anticipated in June
 - Revenues have increased but structural deficit is growing
 - California's budget may be less prepared for downturns

Outlook: 2026 Issues / Bills of Interest

AB 617 Program

- During Cap-and-Invest negotiations, some changes were made to AB 617 program with a commitment to work on future legislation
- Hearings will be held in 2026

AB 914 (Garcia): Air Pollution Indirect Sources

- Would have required CARB to adopt indirect source rules and authorizes agency to adopt fees to implement the rules

Other Legislation

- CEQA Exemptions – clean-up
- Non-automation – potentially larger bill covering several trades



Federal

Focus of Federal Legislative Efforts



Protect U.S. EPA
INVEST CLEAN Grant
Approx. \$500M for
Zero-Emissions Goods
Movement

Budget
Reconciliation

H.R. 1, the “One
Big Beautiful Bill”

Recissions

Appropriations

Fiscal Year 2026 Appropriations

- **Targeted Airshed Grants**

- House - \$67.8M
 - Senate - \$68.8M

- **Section 103/105**

- House - \$232.6M
 - Senate - \$235.9M

- **Diesel Emissions Reduction Act**

- House - \$90M
 - Senate - \$60M

Interior, Environment
& Related Agencies



- **National Electric Infrastructure Program**

- No new funding.

- **Maritime Infrastructure**

- House - \$5M
 - Senate - \$2M

- **Port Infrastructure Development Program**

- House - \$123.4M
 - Senate - \$96.4M

Transportation,
Housing & Urban
Development



- **Building Technologies/Building Energy Codes**

- House - \$10M

- **HVAC Modernization**

- House - \$2M

- **Weatherization Assistance Program Residential Buildings Integration Programs**

- House - \$0

- **Advanced Technology Vehicles Manufacturing Loan Program**

- House - \$13M

Energy & Water

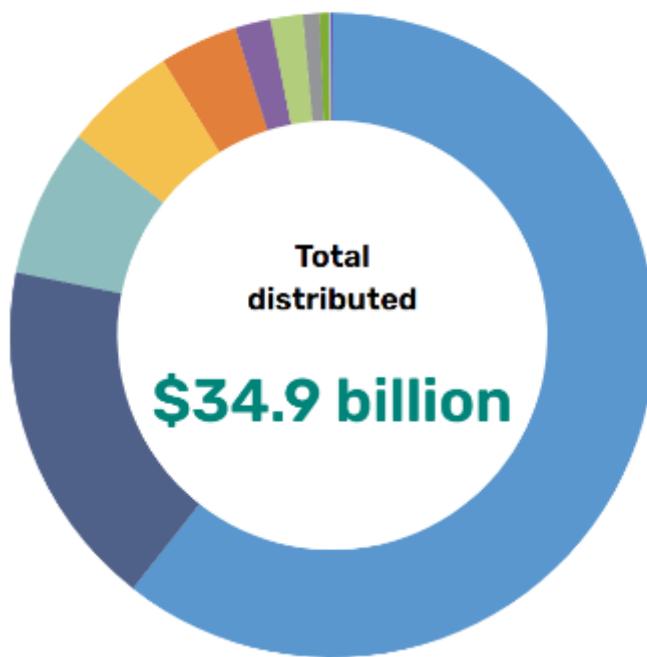


Surface Transportation Reauthorization

- Formula allocation and discretionary grants
- Authorization ends September 30, 2026

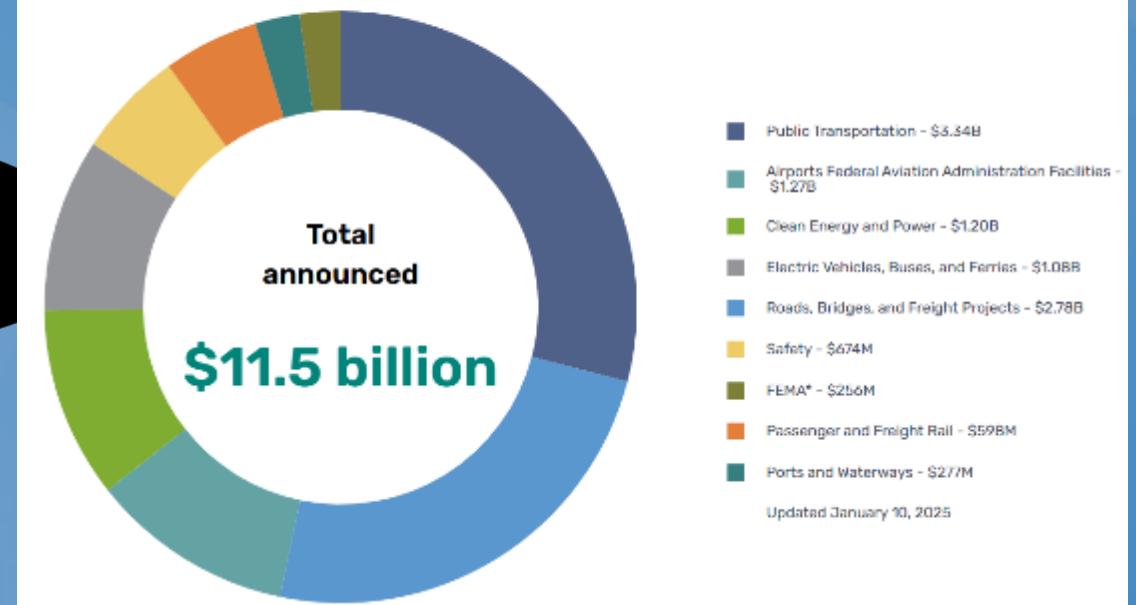
FY 2026 – South Coast AQMD focus on Goods Movement related programs such as charging & fueling infrastructure

Formula based IIJA programs by category



Discretionary Grants IIJA programs by category

The Infrastructure Investment and Jobs Act (IIJA) provides funding to the Department of Transportation to improve roadways and bridges, freight projects, public transportation, safety, and address climate change.



Source: Building CA, <https://build.ca.gov/iija-by-the-numbers>

Clean Air Act

Challenges to Clean Air Act Reform in this Congress

- House Energy & Commerce Committee may have floor time in mid-December, but bill package uncertain
- Bill(s) would require 60 votes in Senate

South Coast AQMD Priorities

- Federal Mobile Sources & issues related to Extreme Nonattainment Areas

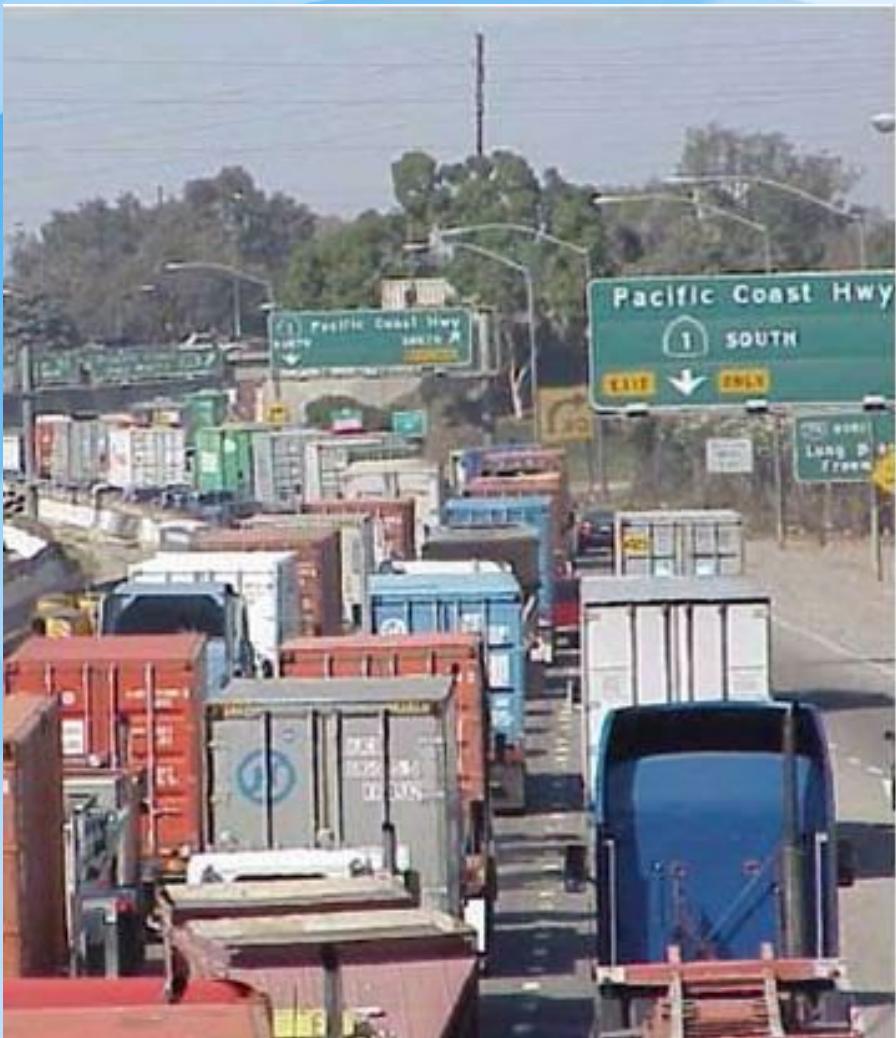
Examples of Proposed Legislation

- Roll-back National Ambient Air Quality Standards
- Prohibit building decarbonization & zero-emission appliance programs
- Repeal emission standards

Some Actions Taken or Pending

- Revoked California Clean Air Act Waivers for Advanced Clean Cars II, Heavy-Duty Low NOx OMNIBUS, and Advanced Clean Truck rules
- Repeal Endangerment Finding

Outlook: 2026 Issues / Bills of Interest



FY 2026 Appropriations

- House & Senate Funding Levels are similar for TAG, DERA & Section 103 / 105

Fiscal Year 2027 Budget & Appropriations

- President's Budget normally released in February which should coincide with start of FY 2027 Appropriations process

Surface Transportation Reauthorization

- Draft bill language expected end of year or early 2027

Clean Air Act

- House Energy & Commerce is expected to have floor time in mid-December, but uncertain what will be in package

Turning Challenge into Opportunity: Legislative Strategy

Education & Engagement

- Webinars, Clean Air Day in Sacramento, In District Tours
- Strong presence in Sacramento, Advocacy Trips, Local Government Affairs Committees
- Resource on Legislation and Local issues, Support District Activities
- Educational Outreach, Convene Local & Regional discussions

Presence & Visibility

Legislative Partnerships

Cross-Agency & Stakeholder Coordination

State:

- AB 617
- Sponsor Bills
- Budget

Federal:

- INVEST CLEAN
- Appropriations
- Surface Transportation
- Clean Air Act



South Coast AQMD legislative team is looking forward to a successful 2026 legislative session