

DISCLAIMER: The following analysis is a professional staff recommendation and does not necessarily represent the formal opinion of all the members of the Senate Republican Caucus.

MEDIA CONTACT: For media inquiries, please contact Maxie.Holmberg-Douglas@sen.ca.gov or at, 916-651-1521.

Environmental Quality

**SB 954 (Blakespear)
Oppose**

Vote requirement: 21
Version Date: 05/14/2026

Summary

Eliminates the current exemption from the CA Environmental Quality Act (CEQA) for advanced manufacturing facilities, and instead creates a confusing and convoluted process that allows the Governor to select advanced manufacturing projects that will be provided with a CEQA exemption. Requires projects selected by the Governor to meet extremely high environmental standards along with requiring the use of mostly union workers.

Vote History

Senate Environmental Quality: 5-2 (04/15/2026)

(NO: Dahle, Valladares)

Senate Labor, Public Employment and Retirement: 4-1 (04/22/2026)

(NO: Strickland)

Senate Appropriations: 5-2 (05/14/2026)

(NO: Dahle, Seyarto)

Support & Opposition Received

Support: CA Federation of Labor Unions; CA Medical Association; CA State Association of Electrical Workers; CA State Pipe Trades Council; Napa Solano Medical Society; Solano County Democratic Central Committee; State Building & Construction Trades Council; Teamsters CA; Unite Here International Union; Unite Here Local 11; United Auto Workers; Western Center on Law & Poverty; Western States Council of Sheet Metal, Air, Railroad, and Transportation.

Opposition: Bay Area Council; CA Association for Local Economic Development; CA Business Properties Association; CA Business Roundtable; CA Cement Manufacturers Environmental Coalition; CA Chamber of Commerce; CA Construction & Industrial

Materials Association; CA Manufacturers & Technology Association; CA Retailers Association; Chemical Industry Council of CA; East Bay Leadership Council; Greater Sacramento Economic Council; Los Angeles Area Chamber of Commerce; NAIOP Commercial Real Estate Development Association SoCal Chapter; New CA Coalition; North Bay Leadership Council; Orchard Partners; Reach Central Coast; San Joaquin Valley Manufacturing Alliance; San Mateo County Economic Development Association; Southern CA Leadership Council; Supply Chain Federation; Western Electrical Contractors Association

Fiscal Effect

SIGNIFICANT STATE COSTS

State Operations. Unknown but likely moderate one-time and ongoing costs, potentially in the hundreds of thousands of dollars annually, for the Governor's Office of Land Use and Climate Innovation (LCI) to develop guidelines and procedures, establish internal certification processes, administer applications, coordinate with the Joint Legislative Budget Committee, conduct public engagement, and provide technical assistance related to implementation of the Environmental Leadership Program for Advanced Manufacturing.

Unknown but potential one-time costs for the California Energy Commission, likely supported by the Energy Resources Programs Account or General Fund, to develop guidance for lead agencies regarding evaluation of "high road employment standards" required under the bill.

Unknown but likely minor costs for other state agencies and lead agencies associated with implementation of the bill's certification, hearing, and compliance review requirements.

Fiscal Consultant: *Jean-Marie McKinney*

Arguments in Support

Narrow Exemption for Advanced Manufacturing and Expand Protection for Habitats

According to the author, "In 2026, the Legislature passed SB 131, which created numerous changes to CEQA, including a dozen new CEQA exemptions that span daycares, high speed rail facilities, and most significantly, advanced manufacturing'. At the time of SB 131's passage, senate leadership made commitments on the floor to address outstanding concerns raised by Senators, including that there were inadequate protections for sensitive species and tribal resources, and that the newly created CEQA exemption for 'advanced manufacturing' was unclear and overly broad. A dozen Senators and 20 Assemblymembers signed on to a letter urging expeditious legislation to fix these outstanding problems.

"SB 954 builds off the CEQA exemptions in SB 131, while also strengthening protections for habitats for sensitive species, expanding a CEQA exemption for daycare facilities, and adding strong environmental and labor guardrails to the CEQA exemption for advanced manufacturing. SB 954 specifies the intent of the Legislature to further narrow the definition of 'advanced manufacturing' to key manufacturing types, allowing room for stakeholders and the Legislature to thoughtfully consider what manufacturing types should be CEQA exempt."

Arguments in Opposition

Taking Away a Broad CEQA Exemption and Replacing with Costly and Complicated Process

Just last year the Legislature approved SB 131 (Budget, 2025) which provided the existing CEQA exemption for advanced manufacturing. Since the enactment of that bill three manufacturing projects have come forward to use that exemption.

It was clear when SB 131 was debated by the Legislature that there were concerns from traditional opponents of CEQA reform (environmental and labor unions) that this exemption would reduce their ability to extract concessions from businesses that wanted to build manufacturing facilities. This leads directly to why this bill was introduced since it would eliminate the broad CEQA exemption, create a process that is costly and complicated to meet, and requires many labor friendly provisions such as the payment of prevailing wage, use of mostly union apprentices, and labor peace agreements.

This bill will eliminate a broad CEQA exemption and instead replace it with one that will reward large business with close government connections who have the pockets to pay for environmentalist and labor demands. Everyone else will lose out and be stuck fighting their CEQA battles in court or just moving their projects out of state.

Tilts Towards Union Labor

It has been demonstrated that prevailing wage usually benefits union construction shops and substantially increases the cost of the project. This bill takes this a step further in benefiting union labor by imposing strict labor standards, on most projects, that require that projects need to ensure that at least 60% of their workforce is skilled journeyman, or enter into a project labor agreement. Most of the apprenticeship programs which lead to journeyman labor are controlled by the union, and thus are mostly union members.

Essentially, this bill is saying that if a project wants to have some certainty in the CEQA process they need to be willing to pay the extra cost to hire mostly union laborers. These increased costs will always be passed along to consumers in the form of higher prices for commodities and services.

Reflects Poorly on the Legislature

Every year, the Legislature hears and passes numerous CEQA relief bills for projects of various shapes and sizes, ranging from small infrastructure exemptions to large CEQA streamlining bills. Every one of these bills is irrefutable evidence of a broken and mismanaged law that has become more of a hindrance than a help to necessary public and private development projects. When in office Governor Brown observed that reforming CEQA would be "doing the Lord's work."

Rather than attempt to secure comprehensive reform that makes this law more fair and manageable for everyone, the state Legislature nevertheless prefers to maintain the status quo, where only the most well-connected project applicants are able to secure meaningful relief under this law through the passage of special legislation that benefits them. The citizens of this state are not stupid, and they are well aware that the Legislature routinely gives government projects or their friend's project a pass from this law, while making everyday projects run the gauntlet with the planners, lawyers, and environmentalists. This is unfortunate and only further erodes the trust that California's citizens have in their elected officials.

Digest

Advanced Manufacturing CEQA

Amends an existing CEQA exemption to remove an exemption for advanced manufacturing. Corrects a drafting error to ensure that daycare facilities in residential areas apply for the existing exemption as long as the areas are not zoned for industrial uses or located within 3,200 feet of an oil or gas facility.

Creates the Environmental Leadership Program for Advanced Manufacturing (Program)

Creates an exemption from CEQA for an advanced manufacturing facility that is certified by the Governor and meets all of the following:

1. Site zones exclusively for heavy industrial use as of January 1, 2026.
2. Project not located within 1,600 feet of a sensitive receptor AND 1,000 feet of a disadvantaged community.
3. Project does not exceed operational or construction emissions: i) 55 pounds per day or 10 tons per year of reactive organic gases and nitrogen; ii) 80 pounds per day or 14.6 tons per year of particulate matter less than 10 microns; iii) 137 pounds per day or 25 tons per year of sulfur oxides; and 158 pound per day or 100 tons per year of carbon monoxide; iv) 554 pounds or 10 tons per year of particulate matter less than 2.5 micros, and v) 10 pounds per day of methane.
4. Project is compliant with a quality community risk reduction plan or demonstrate an increased cancer risk or no more than 10 in 1 million.
5. Project does not cause significant adverse impacts to tribal cultural resources unless there is a documented enforceable agreement in place.
6. Not located on natural and protected lands.
7. Project uses zero-emission backup generation.

8. Facility is certified as Leadership in Energy and Environmental Design gold or better.
9. Applicant demonstrates the project has significant improvement over current industry standards for energy and water consumption, water quality, and air quality.

The Governor shall certify a project if it meets the minimum requirements. An applicant can apply for certification by the Governor by submitting an application, which must provide evidence and material needed to demonstrate that the project meets the minimum requirements of the bill and the business case on why the project should be approved. Allows the Governor's office to charge a fee for the cost of implementing this bill. All information submitted must be posted online 30 days before the Governor's decision.

If the Governor approves the project, they must forward the proposed certification and any supporting information the Joint Legislative Budget Committee (JLBC) for review and concurrence or nonconcurrence. Within 30 days of receiving the information the JLBC must concur or nonconcur in writing. If the JLBC fails to take an action, the project is deemed certified.

Before making a determination that a project is not subject to CEQA a lead agency must do the following:

1. Hold at least one public hearing on the project.
2. Ensure applicant has entered into a community benefits agreement with enforceable commitments to provide environmental mitigation, high road employment standards, and job access in the community where the project is located.
3. Ensure that the applicant complies with labor standards such as paying prevailing wage, using a skilled and trained workforce, high road employment standards, and entered into a labor peace agreement.

Provides that the community benefit agreement must include:

1. Enforceable commitment to provide local environmental mitigation.
2. High road employment standard's and job access within the community.
3. Funding for, or direct implementation, of specific community improvements.

Defines the term "advanced manufacturing facility" to mean a facility used for advanced manufacturing that is used exclusively for final tier manufacturing. States that "final tier manufacturing" does not include the following:

1. Production, recycling, or conversion of material into fuels, feedstocks, or raw materials.
2. Production of equipment designed and used primarily for the activities described above.
3. Manufacture of intermediate components that are not sold or distributed as complete end-use products.

Defines the term "community benefits agreement" to mean a private agreement between the applicant and independent stakeholders from the community formed by engagement and outreach to residents of the community. This must include "high road

employment standards" that include the following:

1. Provision of comparatively good wages and benefits relative to the industry, occupation, and labor market where employed.
2. Payment of workers at or above local or regional living wage standards as well as payment at or above regional prevailing wage standards.
3. Commitment to invest in employee training, growth, and development.
4. Adoption of mechanism to include worker voice and agency in the workplace.
5. Safe and healthy working conditions.
6. Compliance with workplace laws and regulations.

Miscellaneous

Expands the definition of "Natural and Protected Lands" to include habitat for protected species identified as candidate sensitive, or species of special status by state and federal agencies. Also includes fully protected species, or species protected by the federal or state Endangered Species Act, or the Native Plant Protection Act.

Changes an existing CEQA exemption on rezoning that implements an approved housing plan to specify that it does not apply to a tourism facility. Defines "tourism facility" to mean either a hotel resort, or an event center with more than 100,000 square feet or a seating capacity of at least 10,000 seats.

Specifies that rezoning that creates a tourism facility that was not permitted on the site before rezoning or allows an increase in the floor area, height, density, intensity, or development capacity of a tourism facility use beyond that permitted before January 1, 2027, does not qualify for an existing CEQA exemption for rezoning.

Background

Existing Law

Exempts the following types of projects from the CA Environmental Quality Act (CEQA):

1. Day care centers as that term is defined in existing law that is not located in a residential area.
2. Rural health clinic or a federal qualified health center that is less than 50,000 square feet in total space.
3. Nonprofit food bank or food pantry.
4. Advanced manufacturing facility located on a site that is zoned exclusively for industrial uses. (*Public Resources Code §21080.69*).

Defines the term "Advanced manufacturing" 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 utilizing any of the following technology areas:

1. Microelectronics and nanoelectronics, including semiconductors.
2. Advanced materials.

3. Integrated computational materials engineering.
4. Nanotechnology.
5. Additive manufacturing.
6. Industrial biotechnology. (*Public Resources Code §26003*).

Manufacturing Projects that Have Used Exemption

1. Cabrillo Business Park Lot 19 Google R&D Facility in Goleta.
2. Project Avalon of Pacific Pointe West in Lakewood.
3. Pacific Fusion in Livermore.

Related Legislation

SB 299 (Cabaldon, 2026, Pending in the ASM.) - Exempts day care centers and family daycare homes from the CA Environmental Quality Act (CEQA). Passed the Senate 39-0. *Current Senate Republican members voted as follows: (AYE: All Republicans).*

SB 887 (Padilla, 2026, Pending on SEN. Floor) - Makes it more difficult to site and construct data centers by limiting their ability to utilize exemptions under the CA Environmental Quality Act (CEQA). Allows data centers to be eligible for CEQA judicial streamlining if selected as an environmental leadership project by the Governor, but the standards that the project must satisfy are nearly impossible to meet. *Current Senate Republican members voted as follows: (NO: Dahle, Ochoa Bogh, Seyarto, Strickland, Valladares).*

SB 131 (Budget, Chapter 24, Statutes of 2025) - Makes sweeping statutory changes to reform the California Environmental Quality Act (CEQA). This included CEQA exemptions and streamlining for numerous projects, including those associated with housing, day care centers, rural health clinics, advanced manufacturing, etc. Passed the Senate 33-1. *Current Senate Republican members voted as follows: (AYE: Alvarado-Gil, Dahle, Grove, Ochoa Bogh, Seyarto, Valladares; NO: Niello; ABS: Choi, Jones, Strickland).*