CAWA

California Automotive Wholesalers' Association

MONTHLY GOVERNMENT AFFAIRS UPDATE

July 2026

Prepared by Benchmark Advocacy • Ryan Pierini, Legislative Advocate

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OVERVIEW

As the Legislature moves toward the August fiscal committee deadlines and a compressed floor session period, CAWA's priority bills are at critical decision points. Below is a full update on regulatory rulemakings and tracked legislation.

On the electoral front, California held its 2026 Primary Election on June 2nd. Under the state's top-two primary system, the top two vote-getters in each race — regardless of party — advance to the November 3rd General Election. The headline result: former California Attorney General Xavier Becerra (D) and conservative commentator Steve Hilton (R) will face off in the race to succeed Governor Gavin Newsom, who is term-limited. Lt. Governor Fiona Ma (D) and Gloria Romero (R) advanced in the Lt. Governor's race, while incumbent statewide officers Rob Bonta (AG), Malia Cohen (Controller), and Shirley Weber (Secretary of State) each advanced comfortably. In the Legislature, most incumbents advanced, with competitive open-seat races in several Assembly and Senate districts that will be closely watched in November.

California voters will also face a consequential November ballot. Following the June 25th qualification deadline, 14 statewide measures have been certified for the November 3rd General Election — spanning tax policy, housing, elections, environment, and healthcare. Several high-profile measures were pulled from the ballot in last-minute deals brokered by legislative leaders, including rival rideshare and hospital executive pay measures. A full summary of all 14 propositions appears in the Ballot Measures section below.

2026 LEGISLATIVE CALENDAR — KEY REMAINING DEADLINES

With policy committee deadlines now behind us, the Legislature enters its final stretch before adjournment.

- August 3 — Legislature Reconvenes from Summer Recess
- August 14 — Fiscal Committee (Appropriations) Deadline — last day for bills with fiscal impact to clear Appropriations

- August 17–31 — Floor Session Only — no committees may meet; all action on Assembly and Senate floors
- August 21 — Last Day to Amend Bills on the Floor
- August 31 — Last Day to Pass Bills / Legislature enters Final Recess
- September 30 — Governor's Sign/Veto Deadline
- November 3 — General Election
- November 30 — Adjournment Sine Die — 2025–26 session concludes

The next several weeks are among the most consequential of the year. Bills approaching Appropriations deadlines will move quickly, creating a narrow window for testimony, amendments, and stakeholder engagement. CAWA is actively engaged on all priority legislation and coordinating with Benchmark Advocacy on hearing schedules and floor strategy.

REGULATORY UPDATE

CALIFORNIA ENERGY COMMISSION (CEC)

Replacement Tire Efficiency Regulations

Status: Rulemaking in development. Public comments were accepted through June 9th; public hearing on the Notice of Proposed Action was held June 10th.

The CEC continues to develop tire efficiency standards for replacement tires sold in California. Key proposed requirements include:

- Reporting requirements for tire manufacturers
- Development and maintenance of a state database of tire information for replacement and limited production tires
- Minimum performance standards for energy efficiency (rolling resistance)
- Minimum performance standards for wet grip to ensure safety
- A consumer-facing tire energy rating system

Industry Impact: The rulemaking creates new compliance and reporting requirements for replacement tires sold in California. Members that manufacture, import, distribute, or sell replacement tires may face increased administrative costs, potential inventory changes, and restrictions on selling noncompliant tires. CAWA is engaged alongside SEMA, ASCCA, and industry partners expressing concerns with CEC's current approach and advocating for implementation timelines that reflect operational realities.

BUREAU OF AUTOMOTIVE REPAIR (BAR)

1. Airbag Safety Regulations

Status: Draft regulations under DCA Legal review — 45-day public comment period pending.

Proposed regulations would impose strict requirements on automotive repair dealers (ARDs) regarding airbag sourcing, installation, and recordkeeping:

- Absolute prohibition on importing, selling, or installing previously deployed airbags, airbags with active electrical fault codes, counterfeit-marked components, or deceptive “dummy” resistor systems
- Sourcing restrictions limiting replacement airbags to OEM suppliers, OEM-authorized resellers, or licensed DMV dismantlers (with strict undeployed/undamaged criteria and no outstanding recall)
- Mandatory restoration of airbag systems to OEM specifications
- Document retention requirements for all airbag part purchases

Risk Profile: Increased documentation burden on repair facilities and potential supply chain constraints, particularly for older and discontinued vehicle models. CAWA is monitoring.

2. Vehicle Storage Fee Regulations

Status: Moving toward OAL submission following close of 15-day comment window (April 13, 2026).

- Shops must report maximum daily storage rates to BAR annually and post them visibly for customers
- No separate administrative, gate, or security fees permitted
- Storage fees cannot accrue while a vehicle is actively undergoing diagnosis, teardown, or repair
- Fees may only begin after an itemized invoice is generated and the customer is notified the vehicle is ready
- Vehicles must be stored at the shop’s primary registered address; off-site transfer requires advance customer notice

CalABC and towing/storage operators have raised concerns about revenue disruption and administrative complexity. BAR is reviewing comments prior to OAL submission.

3. Tear Down & Towing Amendments

Status: Language revision in progress — BAR has acknowledged stakeholder concerns.

BAR has signaled that documentation requirements for towing fees and teardown authorization will be revised. Full withdrawal is not expected; the agency is anticipated to recalibrate compliance thresholds while preserving core consumer protection intent.

4. Internet-Based Advertising Clarification

Status: Proposed rule refinement — no final effective date established.

Required disclosures in online advertising will include business name, ARD registration number, and BAR-registered phone number. The rule would standardize digital compliance across Google Business, Yelp, and shop websites. Members should audit current digital profiles in advance of adoption.

CAWA LEGISLATIVE TRACKING

AB 177 (Budget Committee) – *Medi-Cal Fair Share from Big Corporations Act*

Position: ❌ **OPPOSE – CAWA has joined opposition coalition** | **Status:** *Senate Third Reading — On file for floor vote*

AB 177, the "Fair Share from Big Corporations Act," passed out of the Senate Appropriations Committee on June 17 (Ayes 12, Noes 5) and has been ordered to Senate Third Reading. The bill would require the Department of Finance to present to the Joint Legislative Budget Committee, by March 1, 2027, one or more options for holding California's largest corporations accountable for the state's taxpayer costs associated with their employees enrolled in Medi-Cal — unless Medicaid program provisions of specified federal law are repealed before that date.

CAWA Opposition Rationale: The bill's mechanism could expose large employers in the automotive aftermarket supply chain to new cost assessments tied to Medi-Cal enrollment. While framed as a study requirement, the March 2027 deadline creates a clear pathway toward legislative action next session. CAWA is monitoring closely and engaged with the broader business community opposition.

Calendar: July 2, 2026 — Senate Assembly Bills Third Reading File.

SB 1075 (Reyes) – *Clean Air Promise Act — AB 617 Community Emissions Enforcement*

Position: ❌ **OPPOSE — CAWA has joined opposition coalition** | **Status:** *Assembly Appropriations*

SB 1075 passed the full Senate 29-9 on May 27 and most recently cleared the Assembly Appropriations Committee on June 29 (Do Pass as amended; re-referred to Appropriations). The bill strengthens enforcement of California's Community Air Protection Program (AB 617) by:

- Adding a CARB-appointed environmental justice organization representative to the governing boards of air districts selected for Community Emissions Reduction Programs
- Expanding the definition of "disadvantaged community" to include unincorporated areas
- Requiring annual CARB reporting to the Legislature on program implementation
- Mandating that local land use decisions not undermine adopted emissions reduction strategies

CAWA Opposition Rationale: The expanded CARB authority over community emissions — combined with strengthened enforcement and broadened disadvantaged community definitions — creates potential material compliance exposure for aftermarket businesses operating in or near AB 617-designated communities. The new CARB-appointed board member could influence air district rule development targeting repair, distribution, and warehousing operations. CAWA is coordinating with industry partners on Assembly engagement.

SB 615 (Allen) – *Vehicle Traction Battery End-of-Life Management*

Position: ⚠ **MONITOR** | **Status:** *Assembly Third Reading*

SB 615 — the third iteration of this legislation following a 2024 gubernatorial veto and a 2025 stall — was pulled from the Assembly inactive file on June 23 and ordered to Third Reading. The bill is calendared for July 2, 2026. SB 615 would require all EV traction batteries in California to be reused, repaired, repurposed, or recycled at end of life, placing responsibility on vehicle manufacturers, dealers, automotive dismantlers, and automotive repair dealers to ensure responsible end-of-life management of any EV battery removed from a vehicle.

- If reuse or remanufacturing is not feasible, the repair facility must notify the OEM, who would be obligated to fund collection and proper disposal
- Creates a certification process for EV battery recyclers based on worker safety and environmental impact criteria
- Establishes reporting requirements to increase transparency around recycling and mineral recovery

CAWA is currently engaged with the author's office on amendment language. Amendments are being discussed to mirror similar legislation enacted in Colorado.

SB 1392 (Cortese / Grove) – *"Leno's Law" — Collector Vehicle Smog Exemption*

Position: ☑ **SUPPORT** | **Status:** *Assembly Appropriations — Passed Do Pass unanimously (June 29, Ayes 13-0)*

SB 1392 passed the Assembly Transportation Committee unanimously on June 29 (Ayes 13, Noes 0) and has been re-referred to Assembly Appropriations. This is the furthest any version of this legislation has advanced in California. Key provisions:

- Expands the definition of "collector motor vehicle" to include vehicles at least 35 model years old meeting specified criteria
- Exempts qualifying collector vehicles manufactured before model year 1981 from biennial smog check requirements, effective January 1, 2027
- Exemption expands by one model year annually through 2032 (reaching pre-1986 vehicles)
- Eligibility requires collector vehicle registration, collector car insurance or under-1,000-miles/year documentation, and non-primary-use restrictions

CAWA Impact: Passage would stimulate the collector vehicle preservation market, benefiting parts dealers, restoration shops, and specialty suppliers. CAWA encourages members to express support to their Assembly Appropriations representatives ahead of the August 14 deadline.

SB 1069 (Grayson) – *CARB Aftermarket Executive Order Reform*

Position: ⚠ **MONITOR** | **Status:** *Assembly Appropriations Committee*

SB 1069 unanimously passed the full California Senate and is now in the Assembly Transportation Committee. Co-sponsored by SEMA and PRI. Key provisions: 30-day completeness determination for CARB EO applications; 60-day approval/denial deadline; 50% fee refund if CARB misses its own deadlines. Does not alter emissions standards or CARB's authority to deny non-compliant products — only establishes accountability timelines for a process that currently takes 12–18 months or longer.

CAWA Impact: Assembly passage would be a meaningful win for parts suppliers and distributors. Members should contact Assembly offices to build support ahead of the Appropriations deadline.

SB 501 (Allen) – *Responsible Battery Recycling Act: Medium-Format Batteries*

Position: ⚠ **MONITOR** | **Status:** *Assembly Appropriations*

SB 501 would add rechargeable medium-format batteries to California's existing extended producer responsibility program under the Responsible Battery Recycling Act of 2022, expanding covered battery types to include those found in e-bikes, outdoor power equipment, and portable power systems. Producers would be required to join an approved Producer Responsibility Organization and fund a no-cost consumer collection and management system.

CAWA Impact: Members that distribute, sell, or service e-bike batteries, power tools, or portable power equipment would be subject to new producer registration and stewardship contribution requirements.

AB 1790 (Connolly) – *Water's Edge / GILTI Tax Reform*

Position: ❌ **OPPOSE** | **Status:** *Stalled — Pulled from Assembly Appropriations (May 14); in budget negotiations*

AB 1790 was pulled from the May 14 Assembly Appropriations Suspense File and will not advance as a standalone bill this cycle. The bill would have eliminated the water's-edge election for multinationals and required worldwide combined reporting beginning in 2028. Remains alive as a budget discussion item. Members with multinational supply chain exposure should monitor budget trailer bill language.

AB 2253 (Boerner) – *Protecting Consumers Against Greenwashing Act*

Position: ⚠ **MONITOR** | **Status:** *Senate Appropriations Committee*

AB 2253 would expand California's existing recycled content documentation requirements to all products sold in the state. Manufacturers and suppliers making any environmental marketing claim about recycled content would be required to maintain written documentation conforming to FTC Green Guides (as of January 1, 2026). Members who market or distribute products with recycled content claims — including packaging, filters, or auto parts — would face new documentation and audit exposure.

SB 988 (Grayson) – *California Motor Vehicle Glass Act*

Position: ⚠ **MONITOR** | **Status:** *Assembly Appropriations Committee*

SB 988 passed the full California Senate on April 15 and is now in the Assembly Judiciary Committee. Key provisions: shops must obtain a customer's insurance claim number before accepting a glass repair job; written ADAS calibration disclosure required before any windshield work; prohibits assignment of benefits arrangements. Civil penalties up to $500 (first violation) and $2,000 (subsequent). Members in glass repair should monitor Assembly testimony windows.

NOVEMBER 3, 2026 BALLOT MEASURES

California voters will decide on 14 statewide ballot measures on November 3rd, covering taxes, housing, elections, environment, and healthcare. Following the June 25th qualification deadline, several high-profile measures were pulled from the ballot through last-minute negotiations, including rival rideshare industry measures and competing hospital-related initiatives. Below is a summary of all 14 measures.

Taxation & Fiscal Policy

Proposition 3 ***Permanent High-Earner Income Tax*** — Initiative Constitutional Amendment

Makes permanent the existing 2012 voter-approved income tax surcharge on high earners (up to 12% on household income over $721,000 for couples / $360,000 for individuals), which is currently set to expire in 2031. Revenue is allocated 89% to K–12 schools and 11% to community colleges.

Proposition 40 ***Billionaire Wealth Tax*** — Initiative Statute

Would impose a one-time 5% wealth tax on the assets of approximately 200 California billionaires, paid over five years. Revenue would be directed 90% to healthcare for low-income Californians and 10% to education and food assistance programs.

Proposition 41 ***Audit New Tax Spending / Spending Cap Enforcement*** — Initiative Constitutional Amendment

Placed on the ballot as a counter to the billionaire tax, this measure would require audits of programs funded by new special taxes and apply new tax revenues to the state's Proposition 4 spending cap — effectively neutralizing the wealth tax proposal. If both Propositions 40 and 41 pass, the one receiving more votes prevails.

Proposition 42 ***Prohibit New Personal Property & Retroactive Taxes*** — Initiative Constitutional Amendment

Also aimed at offsetting the billionaire tax, this measure would prohibit new state taxes on personal property (including financial assets, investment accounts, and business interests) and bar retroactive tax application. If both Propositions 40 and 42 pass, the one receiving more votes prevails.

Proposition 43 ***Two-Thirds Vote Requirement for Local Special Taxes*** — Initiative Constitutional Amendment (Legislative Referral)

Would raise the threshold for citizen-driven local special tax initiatives from a simple majority to a two-thirds vote. Also prohibits charter cities from imposing real estate transfer taxes above the state rate. Placed on the ballot by the Legislature as part of a negotiated deal with the Howard Jarvis Taxpayers Association.

Housing & Infrastructure

Proposition 1 ***Affordable Housing Bond Act*** — Legislative Bond Measure

Authorizes the state to borrow $11.25 billion for affordable housing: $10 billion for buying, building, rehabilitating, and preserving affordable homes, and $1.25 billion to help veterans purchase homes.

Proposition 37 ***$25 Billion Homebuyer Loan Program*** — Initiative Statute

Creates a second-mortgage loan program through the California Housing Finance Agency (CalHFA), authorizing up to $25 billion in bonds to offer eligible buyers fixed-rate mortgages for up to 17% of the purchase price on qualified new homes priced under approximately $1.5 million. Buyers must earn below 200% of area median income.

Proposition 45 ***CEQA Streamlining for Essential Projects*** — Initiative Statute

Amends the California Environmental Quality Act (CEQA) to create firm timelines for environmental reviews of most housing, transportation, water, health, and clean energy projects — and limits courts' ability to stop or delay developments pending review. Backed by the California Chamber of Commerce and major utilities.

Fiscal Accountability

Proposition 2 ***Expanded Rainy Day Fund*** — Legislative Constitutional Amendment

Allows the state to deposit up to 20% of general fund tax revenue into its rainy day fund annually (up from the current 10%) and authorizes use of some revenue to pay down California's $20 billion federal unemployment insurance debt.

Elections & Political Reform

Proposition 39 ***Voter ID Requirement*** — Initiative Constitutional Amendment

Would require voters to present government-issued ID when voting in person and provide the last four digits of a government ID number when casting a mail-in ballot. The state would be required to provide free voter ID cards. Would make California the 37th state with a voter ID law.

Proposition 43 (ACA 13 / SCA 1) ***Recall Election Reform*** — Legislative Constitutional Amendment

Eliminates the successor election component of the state officer recall process, meaning a recalled official would be replaced by the Lieutenant Governor rather than a candidate chosen in a simultaneous election. Aims to prevent a situation where a recalled officer is replaced by someone who received fewer votes.

Proposition 4 ***Public Campaign Financing*** — Legislative Statute

Authorizes state and local governments to create public campaign finance programs, allowing candidates to receive public funds in exchange for agreeing to spending limits and other conditions.

Healthcare

Proposition 44 Community Health Clinic Spending Mandate ***90% Program Services Requirement for FQHCs*** — Initiative Statute

Would require nonprofit Federally Qualified Health Centers (community clinics serving medically underserved populations) to spend at least 90% of their revenue on direct patient services and program activities, with limited exceptions. Imposes monetary penalties for noncompliance and authorizes criminal charges for false reporting.

Notable Withdrawals

Several high-profile measures were pulled from the ballot ahead of the June 25th deadline following negotiated deals with state legislative leaders:

- Rival rideshare industry measures (Uber-backed and trial lawyer-backed) — withdrawn after a deal was struck with state lawmakers
- Hospital executive pay cap initiative and healthcare union spending restriction initiative — both withdrawn after the California Hospital Association and healthcare labor unions reached agreement