California Business Properties Association
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2026 New Law Brief

AB 817 (González) - Cold Storage Contingency Funds (Effective 1/1/27)

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Overview

AB 817 establishes a financial assurance requirement for qualifying cold storage facilities as a condition of building permit approval. Developed in response to the Boyle Heights fire, the measure is intended to ensure resources are available to assist affected communities when a facility-related incident leads to an emergency. Bill Language | Press Release | Signing Message

CBPA's Role

Assemblymember González gave CBPA advance notice of the late-session gut-and-amend proposal affecting the goods-movement industry. CBPA secured amendments narrowing the initial geographic scope, delaying statewide implementation, and expressly allowing owners to require tenants or operators to establish and maintain the fund. CBPA moved from oppose unless amended to neutral following these changes and a commitment to pursue cleanup legislation.

Key Provisions

- Initially applies within the Boyle Heights Community Plan area and expands statewide July 1, 2028. Covered facilities must have at least 20,000 square feet refrigerated to 45°F or below and participate in the accidental release prevention program at Program Level 1, 2, or 3.
- Allows a contingency account, surety bond, or qualifying insurance policy, with a total value capped at $20 million. Owners must provide evidence of the required financial security when requested by the local jurisdiction.
- Limits use to a declared federal, state, or local emergency plus a qualifying facility-related health advisory or alert, or an inspection report identifying an unresolved violation causing the emergency or health advisory or alert.
- Provides food and housing assistance, air quality monitoring, vector control, and related health care. Separately excludes qualifying Boyle Heights fire settlement payments from state taxable income for tax years 2027–2031.

Implications for CRE

For cold storage developers, the requirement may add upfront costs before an operator or tenant is in place, affecting project feasibility and financing. Owners will need to address financial assurance responsibilities in lease negotiations. Because the permit trigger is not expressly limited to new facilities, existing properties seeking building permits may also be affected.

****This summary provides CBPA members with an overview of AB 817, its key provisions, and its potential impacts on California's commercial real estate industry. This summary is intended for informational purposes only and does not constitute a legal interpretation or legal advice. Members should consult their legal counsel for guidance on how the law applies to their properties or businesses, including any applicable compliance obligations. ****