



April 10, 2026

The Honorable Catherine Blakespear
Chair, Committee on Environmental Quality
1021 O Street, Suite 3230
Sacramento, CA 95814

RE: SB 954 (Blakespear) OPPOSE

Dear Senator Blakespear,

On behalf of the below signed organizations, we strongly oppose SB 954.

SB 954 is harmful to California's economic competitiveness and climate commitments. It layers new restrictions, project-by-project executive approval, and de facto CEQA re-imposition, among many other requirements, to substantially undermine SB 131, a law signed just last year to attract advanced manufacturing to the state. The net result is a continued decline of California's once robust manufacturing sector that will simply export both good paying jobs and emissions to other states whose environmental laws and regulations are far behind California. California operates one of the cleanest electrical grids in the country and maintains arguably the most rigorous environmental standards of any state in the union. Those are genuine competitive assets that SB 131 intends to leverage to attract more manufacturing to California's industrial

zones. A factory in California emits 33% fewer emissions than the same factory in Nevada, 56% fewer emissions than in Texas, and 70% fewer emissions than in Utah.¹ When California drives existing manufacturers out and fails to attract new investment here because of permitting dysfunction and regulatory uncertainty, as SB 954 would do, it neither protects the environment nor California's economy.

Manufacturing jobs pay roughly 10-13% above average wages and provide career pathways to Californians without four-year degrees. However, California has lost over 600,000 manufacturing jobs since 2000, nearly 36% of the entire sector. This decline is an urgent economic and climate challenge, since many of these industries are choosing to grow in states with dirtier electric grids and fuel portfolios. A significant driver of the decline in California's manufacturing base is that the speed at which manufacturers must bring products to market in a competitive global economy is inconducive with California's lengthy pre-and-post entitlement permitting landscape, including (but not limited to) CEQA. Companies typically have two-years of venture-capital funding to bridge the gap between product design and product release. California makes that two-year timeline nearly impossible to achieve as CEQA litigation often ties up proposed manufacturing projects for years, forcing California-born startups to scale production or expand operations outside of California in less regulated states. The Public Policy Institute of California (PPIC) recently issued a [report](#) that found between 2011 and 2021, approximately 789 companies, of which roughly half were manufacturing, trade or business services, relocated outside of California.²

SB 131 was signed into law to best position California to reverse these trends. SB 954, as amended, would undermine that intent before its even had a chance to work. SB 954 replaces SB 131's longstanding,³ flexible definition of advanced manufacturing for a list of defined projects to be determined. A fixed definition of advanced manufacturing precludes the possibility of future advanced industries from benefitting from the exemption. This is a solution in search of a problem: The vast majority of advanced manufacturing projects approved under the CAEATFA program are directly aligned with either the goals of the CARB 2022 Scoping Plan and or the Governor's Jobs First plan.

SB 954 would also require the Governor to personally approve any project receiving the CEQA exemption. California's environmental and industrial policy should be subject to clear, objective standards. Gubernatorial approval needlessly slows and politicizes the process. SB 954 limits eligible sites onto land zoned for exclusively heavy industrial use as of January 2026. Not only is such land exceedingly rare in California, but SB 954 would preclude local governments the option of using SB 131 as an economic development tool. Finally, SB 954 includes myriad other requirements which attempt to reestablish CEQA in the aggregate, further undermining the intent of SB 131.

There is a better path, one that California has developed for decades. California policy has provided the state with some of the cleanest electricity, the strongest air and water standards, and the strongest workforce protections anywhere in the country. To remain an innovation ecosystem that attracts businesses to California's economy, the state should flex its existing

¹ https://www.epa.gov/system/files/documents/2024-01/egrid2022_summary_tables.pdf

² <https://www.ppic.org/publication/policy-brief-are-company-headquarters-leaving-california/>

³ SB 1128 (Padilla, 2012) expanded the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) sales and use tax exclusion program to cover "advanced manufacturing" projects, establishing the definition of "advanced manufacturing" in Public Resources Code Section 26003 that is cross referenced by SB 131.

clean energy, clean air and water and labor standards as assets and work to attract manufacturing to California in order to help decarbonize America's manufacturing while providing good paying jobs to Californians. The SB 131 CEQA exemption is so important that it should apply to *all* industrially zoned land, not just heavy industrial; local governments should be allowed to opt into the CEQA exemption by changing local zoning regulations; the exemption should broadly apply to the existing definition of advanced manufacturing which has worked well for nearly 15 years; the exemption should apply to projects that meet clear, objective standards, not just those in the good graces of the current governor; and California should provide a one-stop industrial permitting shop to coordinate permitting for manufacturing projects to more quickly get project applicants to a 'yes' or 'no'. Such a package would create space for a discussion about guardrails without harming California's economic or climate goals.

Unfortunately, SB 954 is proposing to do the exact opposite and make it harder, more expensive, less applicable and much more uncertain for businesses to invest here. Losing California-born industries to other, less regulated states is not climate leadership, and it's certainly not economic leadership.

Sincerely,

John Grubb
Interim President & CEO
Bay Area Council

Adam Regele
California Chamber of Commerce

Elizabeth Esquivel
Vice President of Government Relations
California Manufacturers and Technology Association

Barry Broome
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Greater Sacramento Economic Council

Tracy Hernandez
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New California Coalition

Rosanne Foust
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Sarah Wiltfong
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Sarah Pollo Moo
Vice President, Operations and Sustainability Compliance
California Retailers Association

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