June 3, 2026

The Honorable Isaac Bryan
Chair, Committee on Natural Resources
1020 N Street, Suite 164
Sacramento, CA 95814

RE: SB 954 (Blakespear) OPPOSE

Dear Chair Bryan,

On behalf of the below signed organizations, **we respectfully oppose SB 954**, which would harm California's climate commitments and economic competitiveness and effectively repeal SB 131, signed into law just last year. California has lost over 600,000 manufacturing jobs since 2000, nearly 36% of the entire sector. This loss has been devastating for working Californians, as manufacturing jobs pay roughly 10-13% above average wages and provide career pathways to Californians without four-year degrees.

SB 131 was signed into law to help California level the playing field in the competition for advanced manufacturing, as well as reduce the abuse of CEQA via frivolous litigation. SB 954 would undo that effort by creating an unworkable standard even more onerous than CEQA itself.

As currently written, SB 954 would:

- **Eliminate eligible SB 131 sites.** SB 954 restricts eligible sites to land zoned *exclusively* for *heavy* industrial uses, which is an extremely rare land use type as nearly all industrial land in California has mixed-use overlays. Nor are all advanced manufacturing projects “heavy industry”, as such. The addition of buffer zones makes it unlikely any site in California would qualify.

- **Override local control.** SB 954 restricts the application of the SB 131 exemption to land zoned exclusively for heavy industrial use as of January 2026, precluding local jurisdictions from opting into the exemption.

- **Prevent employers from providing childcare amenities to workers**. SB 954 requires sensitive receptors like childcare facilities be located far from qualifying sites. Many facilities, especially existing ones that may seek a CEQA exemption for an eligible upgrade, would be forced to choose between providing this amenity to their employees and meeting SB 954’s exemption criteria.

- **Override local air district regulations by subjecting all sites to Bay Area Air District standards.** Municipal air districts work within their local jurisdiction to establish standards that work for them. SB 954 would require projects to comply with BAAD standards, as well as local standards, and does not account for possible conflict.

- **Require sites to have zero emission backup generation**, which does not functionally exist at manufacturing scale. Presuming SB 954 is referring to battery-fueled back-up generators, manufacturers would still have difficulty complying as many need to plan for multi-day backup capacity due to the frequency of PSPS events in California, which battery-fueled generators cannot supply. This remains technologically infeasible for nearly all manufacturing applications, which is why local air districts, including BAAD which is cited in the bill as referenced above, require tier 4 diesel generators instead.

- **Requires LEED certification in order to be eligible for a CEQA exemption**, which is not possible for new projects seeking an exemption because LEED certification occurs only *after* buildings are complete.

- **Requires unprecedented labor standards** that may conflict with existing regulations and have an unclear method of enforcement. These include labor requirements for facility *operations,* not just construction, a new requirement that’s far beyond what’s required by CEQA and in many cases might not be possible. In addition, because these standards are required to be established under the community benefit agreement, it is unclear 1) how SB 954 would account for any standards within a CBA that conflict with existing regulations, such as those under the purview of CalOSHA for example and 2) whether by introducing these standards via a CBA, SB 954 is introducing a pathway for private litigation when the intent is to reduce project litigation.

- **Requires the Governor to personally approve any project** receiving the CEQA exemption, needlessly slowing and politicizing what should be an objective process.

- **Introduces a new definition of "final tier manufacturing".** SB 954 would allow only to advanced manufacturing projects that met the bill's definition of "final tier manufacturing", which is not clearly defined, and which introduces risk of litigation.

The decline of manufacturing in California 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 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] California also boasts higher wages, stronger workplace protections, and stricter air and water quality regulations than other states. When California drives existing manufacturers out and fails to attract new investment here because of permitting dysfunction and regulatory uncertainty, it protects neither the environment nor our economy.

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 that between 2011 and 2021, approximately 789 companies, of which roughly half were manufacturing, trade or business services, relocated outside of California.[2]

There is a better path, one that California has developed for decades. To remain an innovation ecosystem that attracts businesses to California's economy, the state should flex its existing 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. A feasible path for a CEQA exemption is important and should:

1. Apply to *all* industrially zoned land, not just heavy industrial, and including multi-use overlays.
2. Allow local governments to opt-in by changing local zoning regulations.
3. Broadly apply to the existing definition of advanced manufacturing which has worked well for nearly 15 years.
4. Apply to projects that meet clear, objective standards, not just those in the good graces of the current governor.
5. Provide a one-stop industrial permitting shop to coordinate permitting for manufacturing projects to more quickly get project applicants to a 'yes' or 'no'.

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[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/

Such a package would create space for discussion about guardrails without harming California's economic or climate goals. Unfortunately, SB 954 is proposing to 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 conducive to helping our state meet its climate and economic goals. **For these reasons, we must respectfully ask that you oppose SB 954.**

Sincerely,

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California Chamber of Commerce

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