

September 2, 2026

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Room 9000
Sacramento, Calif. 95814

RE: Senate Bill 716 (Durazo) - REQUEST FOR VETO

Dear Governor Newsom:

On behalf of the undersigned organizations representing stakeholders that support California's supply chain, retail, hospitality, life sciences and ports, we respectfully request your veto of Senate Bill 716 by Senator Maria Elena Durazo. We share the Legislature's concern for the tragic Lineage Logistics fire in Boyle Heights that prompted this legislation and we support meaningful penalties for violations that are genuinely avoidable and that contribute to this type of disaster. SB 716, however, is not that solution. It hands local governments broad, unchecked discretion over when its harshest penalties apply, with none of the statutory guardrails needed to ensure that discretion is used only against the avoidable, disaster-causing conduct the bill is meant to deter.

Before requesting this veto, our coalition wants to make clear that we did not start from opposition. SB 716 was gutted and amended late in the legislative process and our coalition offered specific amendments intended to turn it from an undefined, punitive penalty scheme into a framework that would genuinely incentivize health and safety compliance while directing its most severe penalties at the kind of avoidable conduct that caused the Lineage disaster.

Those amendments would have further defined the covered violations to specific, objective fire, building, and health code violation categories so the bill's penalties apply consistently and predictably in every jurisdiction rather than varying by whichever local official happens to enforce them. They would have required a demonstrated connection between the specific violation being fined and the disaster declaration invoking the enhanced tier, so the harshest penalty is reserved for conduct that actually contributed to the harm in question, not for any unrelated violation that happens to coincide with a declared emergency elsewhere. Additionally, they would have established a defined cure period allowing an owner or operator to correct a first-instance, good-faith violation before the enhanced tier could apply, preserving the full weight of

the bill for willful or negligent conduct while giving responsible operators a genuine incentive to come into compliance quickly.

Instead of working with our industries on amendments that would meet the actual goals of the legislation, SB 716 was pulled from the Assembly Local Government Committee after a failed vote and advanced directly to a floor vote without further engagement. The sections that follow lay out in detail the specific issues amendments could have remedied.

Statewide Reach Contradicts SB 716's Stated Justification

Our coalition does not dispute that preventing a disaster like the one at Lineage anywhere in California is a legitimate goal. However, SB 716 extends its most severe mechanism statewide without any evidence, finding or analysis showing that mechanism actually fits conditions outside Los Angeles County.

To start, the base tier applies to all 482 cities and 58 counties from the bill's first effective date, with no connection whatsoever to Los Angeles or to the incident that prompted the bill. SB 716 relies on special-statute findings that cite "the unique circumstances of the concentration of populations in the County of Los Angeles in proximity to various land uses" to justify the bill, the constitutional mechanism that let it pass by simple majority rather than the two-thirds vote an urgency statute would have required. A finding that circumstances are unique to one county does not translate to a fine structure that, in the same bill, applies to every other county from day one with no comparable finding, evidence, or hearing record establishing that they share anything like Los Angeles's circumstances.

The enhanced tier's statewide expansion in 2028 raises a different, more specific problem: the mechanism chosen to determine where it applies has no relationship to the risk the bill is meant to address. CalEnviroScreen 5.0 measures cumulative pollution

burden and population vulnerability, air quality, drinking water contaminants, pesticide exposure, asthma rates, poverty. It was never designed to measure, and does not measure, fire risk, structural safety conditions, cold storage nor industrial building density. Under SB 716, a facility's exposure to the state's most severe local ordinance penalty in 2028 turns on its census tract's pollution and vulnerability score, a screening tool built for a different purpose entirely, rather than on any assessment of whether that facility or the community around it faces a comparable risk to the one Boyle Heights experienced.

SB 716 extends this penalty structure statewide not because any analysis has shown it fits conditions outside Los Angeles County, but because a fixed calendar date arrives in 2028 and a screening tool built for an unrelated purpose happens to be available. A metric this disconnected from the risk in question should not determine where the state's most severe local ordinance penalty applies, no matter how much process might eventually accompany it.

The Bill's Core Trigger is Undefined and Invites Inconsistent Enforcement

Both the base and enhanced penalty tiers turn entirely on whether a violation "poses a threat to health and safety." That phrase appears three times in the bill and is never defined. SB 716 provides no reference to specific fire, building or health code violation categories, no materiality threshold and no distinction between a genuine hazard and a technical or paperwork violation. SB 716 then does not require that a violation be willful, negligent or otherwise avoidable before the enhanced

tier applies nor does it require any connection between the specific violation being fined and the disaster that triggered an emergency declaration.

A qualifying violation entirely unrelated to a declared emergency, at a facility that played no role in causing or worsening it, would still be eligible for the full 10x enhancement as long as a disaster declaration happens to be in effect at the time. Our coalition's concern is not with the principle of stronger penalties, it is that this bill gives local governments essentially unbounded discretion over who decides a violation qualifies, when the enhanced tier is invoked and whether the violation actually bears any relationship to the harm the bill is meant to address; no objective statewide standard, no avoidability or negligence requirement and no evidentiary or appeal process governs any of it.

A statutory penalty structure this severe should be reserved for conduct that is actually avoidable and is connected to the harm in question. We suggested amendments that would have imposed a higher statewide fine structure built around clear, objective standards that channel local discretion toward the conduct the Legislature actually intended to deter, rather than the undefined, open-ended discretion this bill is granting.

Impacts Across the Supply Chain and Broader Economy

These structural problems impose concrete harm across the state's economy. The Ports of Long Beach and Los Angeles, which together handle roughly 26 percent of the nation's containerized import tonnage, sit entirely within Los Angeles County and are exposed to this bill's full enhanced tier the moment it takes effect, with no phase-in available anywhere else in the state. Immediately behind them, the Inland Empire's 1.1 billion square feet of distribution space, through which an estimated 40 percent of the nation's consumer goods now pass, faces the new base tier from day one; that same exposure repeats at trucking terminals, rail yards, cold storage facilities, food processing plants and third-party logistics and fulfillment centers throughout California, none of which receive any occupancy exemption anywhere in this bill. While retail grocery stores themselves fall within an exempted Mercantile occupancy, the cold storage and distribution facilities that actually supply those stores do not. Increased fine exposure and associated compliance and insurance costs do not stay there: as in any supply chain, they flow through to shelf prices for California consumers already facing elevated food costs.

Hotel and lodging properties face a different kind of exposure: uncertainty. SB 716 never defines "nonresidential structure." While hotel guest room towers are typically classified as residential occupancy, large hotel properties also include extensive nonresidential-use space, commercial kitchens, banquet and conference facilities, laundry operations and more that could plausibly fall within SB 716's undefined scope. This ambiguity alone creates real compliance and litigation risk for a hospitality industry already operating on thin margins in a highly competitive tourism market. California's life sciences industry sits in a more direct and counterintuitive position. SB 716's only occupancy-based exemption from the enhanced tier covers Group B, Business occupancy (ordinary office and lab space); however, the facilities that actually anchor this industry (biologics manufacturing plants and larger laboratories) receive no exemption in this bill. This subjects those important employers and research investments to the most severe penalty tier.

Assembly-use venues face the same complete exposure. Theaters, concert halls, convention and banquet facilities, arenas, stadiums and similar public gathering spaces are classified as Assembly occupancy under the building code, a category that receives no exemption from either tier of this bill. A large theater or convention center hosting public events is exposed to SB 716's full

$50,000-per violation enhanced tier on exactly the same terms as an industrial facility, despite having an entirely different us, or occupancy pattern, and relationship to the circumstances that produced the Lineage disaster.

Finally, even where a specific property type receives an exemption from the enhanced tier, every nonresidential structure of qualifying size in California, office,

retail, institutional, industrial or otherwise, remains fully exposed to the new substantially higher base fine tier and its unprecedented five-year lookback window. No sector of the state's commercial real estate or broader business community is untouched by this bill.

Lastly, our coalition engaged directly and constructively with Assemblymember Mark Gonzalez's office on AB 817, the bill developed specifically in response to the Lineage fire. That process, while it produced a bill that is not perfect and an agreement to work further on a solution next year, resulted in a targeted approach: permit stage contingency funding requirement specific to cold storage facilities, tax relief for residents affected by such an incident and accelerated local response, each aimed directly at the actual failure points of that disaster. The bill reflects the correct path for the state to follow, one of direct engagement with affected stakeholders and producing a solution narrowly tailored to the actual problem. SB 716, by contrast, applies an undefined, stackable, statewide penalty scheme to every qualifying nonresidential building in California, regardless of any connection to the circumstances that prompted it.

For these reasons, we respectfully request your veto of SB 716 (Durazo). Our coalition is not opposed to a stronger fine structure for avoidable violations that put Californians at risk. We are asking you to reject a bill that grants that authority without the objective standards, avoidability requirement and nexus to actual harm that should accompany penalties of this magnitude and that does so on top of a regulatory landscape, Cal/OSHA, state Fire Code, hazardous materials reporting, and an existing local ordinance fine schedule of its own that already governs these same facilities. We remain ready to work with the Administration, Legislature and all interested stakeholders on an approach that channels these tools toward the conduct that resulted in the Lineage disaster rather than leaving that judgment to undefined and unchecked local discretion.

For additional information regarding our position, please contact Skyler Wonnacott, Vice President of Government Relations, California Business Properties Association, at 916-960-3951 or swonnacott@cbpa.com.

Sincerely,

California Business Properties Association
California Chamber of Commerce (CalChamber)
Supply Chain Federation
California Hotel & Lodging Association
California Trucking Association
California Manufacturers & Technology Association (CMTA)
California Retailers Association
California Business Roundtable
California Apple Commission
California Association of Winegrape Growers
California Avocado Commission

California Blueberry Commission
California Commercial Real Estate Development Association (CREDA)
California Citrus Mutual
California Family Beer Distributors
California Food Producers
California Fresh Fruit Association
California Fuels & Convenience Alliance
California Grocers Association
California Pear Growers Association
California Seed Association
California Self Storage Association (CSSA)
California Strawberry Commission
California Tomato Growers Association
Agricultural Council of California
Almond Alliance
American Beverage Association
Association of California Egg Farmers
Building Owners and Managers Association, California
CalAsian Chamber of Commerce
Can Manufacturers Institute
Consumer Brands Association
Dairy Institute of California
Family Business Association of California
Global Cold Chain Alliance
Grower-Shipper Association of Central California
Inland Empire Economic Partnership
International Warehouse Logistics Association (IWLA)
Olive Growers Council of California
Orange County Business Council
Pacific Coast Renderers Association
Pacific Egg & Poultry Association
Pacific Merchant Shipping Association (PMSA)
San Diego Working Waterfront Coalition
SoCal CREDA
Western Growers
Western Plant Health Association
Western States Petroleum Association (WSPA)
Western Tree Nut Association (WTNA)

cc: Myles White, Deputy Legislative Affairs Secretary, Governor's Office