

To: **Lauren Sanchez**, Chair, California Air Resources Board
Honorable Board Members, California Air Resources Board

From: Steven S. Cliff, Ph.D., Executive Officer, California Air Resources Board 

Date: January 28, 2026

Subject: CARB Priorities for 2026

For nearly sixty years, CARB has worked to protect public health and the environment by reducing air pollution and advancing clean energy solutions. As we look toward 2026, our mission has never been more urgent. With the Board's leadership, we are poised to advance actions that support a healthier, more affordable, and equitable future for all Californians. This memo is intended to outline the priorities that will be a focus for 2026 and on which the Board and the public will engage. While not exhaustive, these priorities reflect CARB's commitment to science-based action in the face of accelerating climate change and persistent air quality challenges. We look forward to working with you and stakeholders across California to deliver cleaner air and a healthier future for all. These priorities include:

- Driving clean transportation forward
- Implementing major climate legislation
- Defending California's authority and programs
- Advancing clean air for communities
- Improving organizational operations

These priorities are bolstered by the [Governor's Proposed 2026-27 Budget](#), which proposes investments to protect public health and the environment by reducing air pollution while considering economic impacts. Much of the key work we are advancing in 2026 is focused on implementing new laws that advance California's clean air and climate goals. CARB is grateful for the Legislature's leadership in shaping California's climate and air quality agenda. Many of our 2026 priorities are a direct reflection of the Legislature's vision and commitment, and we thank them for their continued support in driving change for all Californians.

Political and Economic Environment

This past year, the federal administration has taken action targeting several of the programs central to California values and our agency's mission. The illegal and unconstitutional federal actions that attempt to dismantle California's mobile source programs have required us to take that fight to the courts, standing up for science and for California's ability to protect the public health of its residents.

The federal administration has also moved to eliminate programs and policies focused on the nation's most vulnerable communities. Despite this, CARB remains committed to working to ensure race, economic class, and geographic location do not determine health outcomes. The data are clear that air pollution disproportionately harms low-income communities and communities of color, and as a data-driven organization, we cannot achieve our mission without addressing these racial and socio-economic inequities.

At the same time, Californians are facing real economic pressure. The state is operating in a difficult budget environment, and federal rollbacks of climate and clean energy incentives increase affordability concerns. Cost matters. That is why CARB prioritizes cost-effective approaches to climate and clean air. Inaction leads to higher health care expenses, climate-related damages, and economic instability. CARB remains committed to advancing science-based, cost-effective, and outcome-focused solutions to protect public health for all Californians.

Priority: Driving Clean Transportation Forward

In response to the federal administration's attacks challenging California's mobile source programs, Governor Newsom issued Executive Order N-27-25, directing CARB and partner agencies to accelerate clean vehicle adoption and recommend actions that keep California driving forward. While this leadership is important, legislative support will be key to helping advance several of the strategies, including incentives needed to continue making progress.

Drive Forward

CARB's Drive Forward Initiative represents the next phase of California's clean transportation strategy. This effort combines incentives, outreach, partnerships, and regulations to ensure every Californian benefits from cleaner air and affordable clean vehicle options.

In support of this strategy, the [Governor's Proposed 2026-27 Budget](#) includes \$200 million for a new light-duty passenger zero-emission vehicle (ZEV) incentive program. Other actions include:

- Partnering with state agencies and industry to advance voluntary programs that accelerate zero-emission technologies including Clean Fleet Connect, a tool to link businesses with ZEV fleets, and California Clean Construction, a set of voluntary standards that encourage the use of cleaner off-road equipment.
- Prioritizing working with the Department of General Services to identify opportunities to leverage State procurement.

- Developing the next generation of light-duty and heavy-duty vehicle regulatory programs will begin in 2026 with proposals to the Board in 2027.
- Launching California Clean Fuel Rewards program to provide incentives for medium- and heavy-duty zero emission vehicles.

Off-Road and Freight Sector Priorities

Freight activities remain significant sources of pollution. CARB will continue implementing existing regulations, including the Commercial Harbor Craft regulation, the Ocean-Going Vessels (OGV) At-Berth regulation, and the Transportation Refrigeration Unit (TRU) Regulation. Implementation will focus on compliance assistance and appropriate use of regulatory flexibilities.

We are also exploring strategic opportunities to build upon existing regulations, including:

- Developing a new OGV In-Transit regulation to address near-shore emissions with continued public engagement in 2026.
- Continuing to explore opportunities to further reduce emissions and health risk from diesel-powered TRUs.
- Advancing the next generation of off-road equipment standards, "Tier 5," with the goal of bringing a proposal to the Board in 2027.
- Working with railroads and communities to pursue opportunities to obtain near-term emission reductions and advance cleaner technologies.
- Evaluating strategies to reduce emissions from airport ground operations.

Federal attacks on California's mobile sources programs are expected to increase pollution and complicate attainment of State Implementation Plan obligations, causing severe health impacts including more than 14,500 avoidable deaths. In response, CARB will outline a path forward in 2026, identifying existing and new control measures to address the emission reduction gap created by Federal backsliding.

Priority: Implementing Major Climate Legislation

California is experiencing increasing climate impacts including last year's unprecedented wildfires in the Los Angeles region.

California has established ambitious climate goals, including reducing emissions 85% below 1990 levels and achieving carbon neutrality by 2045. CARB is implementing programs designed to achieve these goals cost-effectively, while providing regulatory certainty and delivering public health benefits.

Cap-and-Invest

California's Cap-and-Invest program (formerly Cap-and-Trade) is central to the state's climate strategy. Under Assembly Bill (AB) 1207 and Senate Bill (SB) 840, the Governor and the Legislature extended the program through 2045, strengthening long-term market signals and funding for communities and climate investments.

To date, the program has generated over \$34 billion for the Greenhouse Gas Reduction Fund and returned over \$15 billion in bill credits to utility customers.

CARB is updating the Cap-and-Invest regulation consistent with legislative direction and will present a rulemaking package to the Board in May 2026, with the proposed changes effective in September 2026.

Finalizing these rules will strengthen investor confidence, enable California-Quebec linkage with Washington, and support California Public Utilities Commission updates to the climate credit.

Corporate Climate Disclosure

SB 253 and SB 261 require large companies doing business in California to report GHG emissions and climate-related financial risks.

Last month, CARB released a draft regulatory package to establish a fee system for the entities reporting under each program and to propose a first-year 2026 corporate GHG emissions reporting deadline. Staff plan to present this item to the Board at the February 2026 hearing.

Carbon Removal & Storage

California's 2022 Scoping Plan identifies carbon removal as necessary to achieve carbon neutrality by 2045. SB 905 directs CARB to establish a Carbon Capture, Utilization, and Storage (CCUS) Program to assess the efficacy, safety, and viability of CCUS and Carbon Dioxide Removal (CDR).

CARB is coordinating closely with state agencies and has received the staff resources necessary for implementation as part of the 2025-2026 State Budget. Staff aim to bring a rulemaking proposal to the Board in 2026. The rulemaking is expected to address monitoring, reporting, public safety, and financial responsibility.

Reducing Emissions from Buildings

Recognizing buildings are a major source of GHG emissions, CARB staff have conducted multiple public workshops and technical meetings focused on addressing emissions from

this sector as a key action identified in the 2022 Scoping Plan and in the 2022 State SIP Strategy. During the last two years, staff conducted comprehensive public engagement to seek input on proposed regulatory concepts and will continue to engage the public on how best to address these emissions.

California Climate Investments

California has invested more than \$20 billion in climate projects over the past decade, with more than 70% benefiting disadvantaged and low-income communities. In 2026, CARB will launch three tools to support equitable investment consistent with AB 1550.

- *Supplemental Guidance for Avoiding Burdens* - A framework to help agencies prevent burdens on priority populations during program design and project selection.
- *Tribal Engagement Guidebook* - A resource to help State agencies strengthen tribal partnerships, improve outreach, and design programs that enhance access and participation.
- *Equity Metrics Dashboard* - A geospatial tool to identify opportunities to improve equitable outcomes.

Clean, Affordable Fuels: E15 and Beyond

Following enactment of AB 30, CARB is supporting the sale of E15 gasoline and developing a permanent fuel specification proposal for Board consideration by year-end.

CARB will continue interagency collaboration to address dispensing, storage equipment capability, vehicle compatibility, and labeling.

Improving Transportation

In accordance with SB 375, the Sustainable Communities and Climate Protection Act of 2008, CARB will update regional greenhouse gas reduction targets in 2026 and release the latest report tracking progress. CARB will continue supporting implementation of Executive Order N-2-24 to promote housing development in climate-friendly locations.

Priority: Defending California's Authority to Protect Clean Air

California faces unprecedented legal challenges to its ability to safeguard public health and the environment. These attacks target core programs that cut air pollution and fight climate change.

CARB's mandates are clear, and we will continue to defend our authority to set cost-effective standards to reduce air pollution and fight climate change for public health.

Working with the California Department of Justice, CARB is vigorously defending its programs and mandates. Our goal: preserve California's ability to set strong standards, protect public health, and drive climate progress for future generations.

Priority: Advancing Clean Air for Communities

Supporting Community-Led Clean Air Solutions

AB 617, the Community Air Protection Program, has implemented community-scale air monitoring and accelerated emissions reductions in overburdened neighborhoods. The Legislature's establishment of a continuous annual appropriation supports continued implementation under SB 840.

CARB expects to bring to the Board two new Community Emission Reduction Plans for South Sacramento/Florin and East Oakland, and the Bay View Hunters Point/Southeast San Francisco in early 2027. CARB will also prepare for the largest ever in-person convening of program participants, to be held in early 2027. In response to SB 352, CARB will also begin the process to update the AB 617 Statewide Monitoring Plan in 2026.

Addressing Environmental Justice

CARB will solicit new members for Environmental Justice Advisory Committee in early 2026 and update the [2016 Civil Rights Policy](#) through a transparent process. CARB will continue engagement with California Native American Tribes and develop an agencywide Tribal Engagement Model.

Roadmap to Reducing Air Toxics

This year, CARB will develop a unified, forward-looking strategy to guide CARB's air toxics work over the next 20 years and beyond. This Roadmap will build upon the existing foundational work carried out by CARB and air districts, to identify a path forward for more effectively addressing toxic air pollutants statewide.

As the federal government is stepping back on efforts to address air toxics, California is stepping forward. The roadmap will outline current capabilities, future goals, and the steps needed to achieve them, including resource needs, organizational improvements, and innovative partnerships. As part of this effort, we will be exploring new emissions reduction strategies that go beyond regulation so that we can respond in the timeliest manner.

Collaboration with air districts, Office of Environmental Health Hazard Assessment, the Department of Pesticide Regulation, local governments, community groups, and key industry groups will be essential to ensure the path forward optimizes our collective resources and authorities and identifies the most effective and efficient ways to get outcomes. Staff aim to bring the roadmap to the Board by the end of 2026.

Statewide Mobile Monitoring Initiative

In 2026, CARB is implementing the Statewide Mobile Monitoring Initiative (SMMI), a program supported through funding from the Legislature that enhances the Community Air Protection Program by providing block-level air quality data for criteria pollutants, GHGs, and toxics for over 60 AB 617 consistently nominated communities.

Health Protection Zones

CARB is collaborating with the Department of Conservation to implement SB 1137, which establishes health protection zones around sensitive receptors near oil and gas production operations. CARB is developing performance standards for systems that can rapidly detect leaks and alert operators before nearby communities are impacted. In 2026, we will be hosting public workshops, developing regulatory text, and moving towards a formal rulemaking process to support a tentative target effective date of 2028.

Priority: Improving Organizational Operations

California's budget challenges demand tough choices. Recent position reductions and funding losses prompted CARB to take a hard look at how we operate and ensure every dollar delivers maximum impact. In response to administration-wide budget reductions, we launched our first zero-based budgeting process for fiscal year 2025-26—requiring programs to justify funding from the ground up and align spending to statutory mandates and strategic priorities.

Looking Ahead

CARB's 2026 priorities reflect our commitment to protecting public health, advancing cost-effective and equitable environmental solutions. From expanding community air protection to implementing climate policies and defending our authority, our efforts are grounded in science and shaped by stakeholder engagement.

These efforts are possible thanks to the steadfast leadership of the Governor and the Legislature in prioritizing the health and safety of Californians. Together, we are building a cleaner, healthier future for all.