Date of Hearing: July 1, 2026

ASSEMBLY COMMITTEE ON COMMUNICATIONS AND CONVEYANCE
Tasha Boerner, Chair
SB 739 (Arreguín) – As Amended June 25, 2026

SENATE VOTE: 38-0

SUBJECT: Transportation network companies: California Clean Miles Standard and Incentive Program

SUMMARY: Requires by January 1, 2028, the California Air Resources Board (CARB) to adopt, and the California Public Utilities Commission (CPUC) to implement, updated annual target and goal for the reduction of greenhouse gases per passenger mile driven on behalf of a transportation network company (TNC). Prohibits the CPUC from adopting or enforcing any penalties against transportation network companies for the failure to meet any targets or goals adopted pursuant to existing law. Specifically, **this bill**:

1) Requires the updated targets and goals to meet specified criteria.

2) Requires CARB to adjust the targets and goals, and the CPUC to delay those targets or goals, including any enforcement of those targets or goals against a transportation network company, as specified.

3) Requires a TNC to meet the following targets:
   a. Seventeen percent of passenger miles traveled shall be provided by zero-emission vehicles by December 31, 2027.

   b. Nineteen percent of passenger miles traveled shall be provided by zero-emission vehicles by December 31, 2028.

4) Requires the CPUC, in bringing an enforcement action for the proposed targets above, to consider any moneys invested by a transportation network company to transition its fleet to zero-emission vehicles in the state within the same year the enforcement action is first considered.

5) Requires CARB and the CPUC to review the targets and goals no less than every two years, as provided.

6) Prohibits the CPUC from finding a TNC in violation the law, as specified.

EXISTING LAW:

1) Establishes the Califorina Clean Miles Standard and Incentive Program. (Public Utilities Code § 5450)

2) Requires CARB, by January 1, 2020, to establish a baseline for emissions of greenhouse gases for vehicles used by transportation network companies on a per-passenger-mile basis.

3) Requires, by January 1, 2021, CARB to adopt, and the CPUC to implement, annual targets and goals, beginning in 2023, for the reduction under the baseline of emissions of greenhouse gases per passenger-mile driven on behalf of a transportation network company.

4) Requires CARB to delay adoption, and the CPUC to delay implementation, of the targets and goals if the board or commission finds that unanticipated barriers exist to expanding the usage of zero-emission vehicles by transportation network companies.

FISCAL EFFECT: Unknown. The provisions of this version of this bill have not been analyzed by a fiscal committee, but this bill is keyed fiscal and will proceed to the Assembly Appropriations Committee should it pass this committee.

COMMENTS:

1) *Author's statement.* According to the author: "Between high interest rates and federal actions threatening to overturn California's authority to cut vehicle pollution, the Clean Miles Standard and Incentive Program (CMS) is facing significant headwinds. Moreover, Transportation Network Company (TNC) drivers are primarily circumstantial and part-time, relying on whatever personal vehicle they own to make extra money. Drivers are being put in a difficult position of being asked to transition to zero-emission vehicles without financial assistance. SB 739 would make reasonable adjustments to the CMS program so that we can continue to advance our transition to zero-emission vehicles, reduce greenhouse gas emissions and improve local air quality, and support drivers who are trying to make ends meet."

2) *Background on the CMS Program.* The Clean Miles Standard Program, also known as CMS, is a regulation developed by the California Air Resources Board (CARB) and implemented by the California Public Utilities Commission (CPUC) that seeks to reduce greenhouse gas (GHG) emissions from passenger ride-hailing services operated by transportation networks companies (TNCs) such as Uber and Lyft. With CARB's vehicle emissions expertise and authority, and the CPUC's authority over TNC permits in the state, the Clean Miles Standard is a joint effort to gradually increase zero-emission miles for TNC services and reduce GHG emissions. The regulation establishes an annual increase in the percent of zero-emission passenger miles traveled and GHG emission reduction targets that TNCs are required to meet. TNCs with less than or equal to 5 million annual vehicle miles traveled are exempt from the required targets but must continue to submit annual data as required by CPUC.

   According to CARB, the estimated cumulative statewide emission reductions from the regulation from 2023-2030 are 93 tons of $PM_{2.5}$, 298 tons NOx, and 1.81 million metric tons of greenhouse gas emissions. CARB has adopted the following compliance schedule, reflected in the table on the following page:

Calendar Year	**Percent eVMT Target**	**GHG (gCO2/PMT) Target**
2023	2%	252
2024	4%	237
2025	13%	207
2026	30%	161

2027	50%	110
2028	65%	69
2029	80%	30
2030+	90%	0

To date, TNCs have been able to meet or exceed the targets and goals. However, beginning in the year 2026 the compliance targets jump significantly. TNCs have expressed that they would not be able to meet the targets due to unanticipated barriers to greater EV adoption. For example, EV adoption in general has been lower than anticipated, the deployment of charging infrastructure lags behind the state's goal, state and federal incentives have been reduced or eliminated, and electricity is more expensive. According to the TNC industry, these barriers are outside of their control. This bill proposes a pathway for relief for the TNC industry, albeit in a manner that is arguably excessive and more complex than may be necessary to achieve a reasonable public policy outcome given the circumstances.

3) *Unanticipated barriers to EV adoption exist, but how should that be addressed?* Just this month the CPUC published a report on implementation of the CMS program which confirmed what the TNCs have claimed: that unanticipated barriers to EV adoption and program success exist. This bill and CPUC's report take divergent approaches to addressing the circumstances. In the report, the CPUC recommends a three-year delay of the GHG reduction targets previously adopted by CARB. The CPUC also provides recommendations on how the targets could be revised or augmented. Notably, the TNCs have claimed to the committee that it's questionable whether the CPUC has the authority to augment the targets under existing law. While such authority is not explicit in the statute, it would seemingly be implied given that the CPUC is proposing to do just that.

   In any case, under one option for delay proposed by the commission, the targets would remain unchanged for three years, upon which the target would resume at the same level beginning in 2029. In that scenario, TNCs would need to meet a 30% eVMT target as of 2029. Under a second option proposed by the CPUC, the timelines would be adjusted completely, with potentially a more gradual uptick year-over-year. In effect, the 2029 target could be much lower than 30%. Based on this proposal, it would seem as though the CPUC has the necessary authority to address the unanticipated barriers on its own, presumably as the law intended. If the CPUC does indeed have the authority to augment or revise the targets independently, then this bill is potentially unnecessary. On the other hand, the statute may benefit from more explicit direction.

   Accordingly, this bill would explicitly direct CARB and CPUC to adopt new targets, based on specified criteria, including whether those targets are economically and technically feasible. Those new targets and goals would have to be updated by January 1, 2028. While that process takes place, the CPUC would be prohibited from enforcing the existing targets. Additionally, this bill proposed specific targets for calendar years 2027 and 2028 while those new targets are developed and implemented by CARB and CPUC. To some extent, there is overlap in the objectives of the CPUC's Staff Proposal and this bill. There is presumably agreement that the current targets are unpractical, and some pause in enforcement may be warranted. However, this bill potentially goes beyond what is necessary because it also directs CARB to revisit their initial analysis that set the GHG goals the CPUC is currently implementing. It is not clear that having CARB go back to the drawing board is necessary for the CPUC to augment their compliance timelines. Therefore, directing CARB to also revisit their analysis may be superfluous if ultimately the CPUC has the authority to augment the targets independently.

4) *Despite barriers, there is a reason to be optimistic.* Although there are unanticipated barriers to EV adoption and success of the CMS program, there is reason to be optimistic, or at least take a moment to reflect on what could come around soon. In particular, the CPUC is on the verge of launching a Drivers Assistance Program designed to alleviate the impact on low- and moderate-income drivers transitioning to Zero-Emission Vehicles (ZEVs). Funded through a $0.09-cent per-trip CMS Regulatory Fee, the initiative offers incentives for ZEV purchases and charging, targeting drivers with household incomes at or below 400 percent of the federal poverty level. In the program is successful, ZEV adoption among TNC drivers could increase significantly, despite the barriers in the general market. However, to what extent the program will be successful will take time to evaluate, as do any significant policy changes.

   Under the current version of this bill, the CPUC and CARB would be required to review the targets and goals every two years. However, that may not be enough time for macroeconomic factors and program incentives to show their effect. On the other hand, if the CPUC and CARB update their targets more regularly, in the event there is an uptick in EV adoption then it's possible that the targets could increase more often.

5) *This bill constrains the CPUC's enforcement authority over the CMS program.* The bill breaks enforcement up into three distinct categories: enforcement of the existing targets, enforcement of the interim targets for 2027 and 2028, and enforcement of the updated targets. Each period has its own considerations or prohibits the CPUC's authority to enforce the targets and goals in different ways.

   Although the bill directs the CPUC to adopt revised targets which presumably would be more reasonable, the bill still retains language that prohibits the CPUC from enforcing the existing targets adopted in 2021. A previous version of this bill prohibited the CPUC from enforcing the revised targets until 2035, but that provision was removed in recent amendments based on agreement between the author and the Transportation Committee. Instead, for the interim targets and goals, the CPUC would need to consider specified factors when taking enforcement action. Lastly the current version prohibits the CPUC from finding a TNC in violation based on previous compliance within a two year period and whether the targets and gals had been reviewed in the last two years, as required. In effect, if the CPUC failed to review the targets every two years as required, the agency would lose its enforcement authority for that period of time until the review is complete. This provision applies to all periods, including the interim and updated goals. It's questionable whether the inclusion of that language in this bill is reasonable. Given that this bill directs the CPUC to adopt revised targets, and the CPUC has already proposed to delay the target for three years, codifying this provision may not be necessary to give TNCs interim relief. To the extent such language is codified, as proposed by this bill, it also creates a risk that the CPUC's enforcement authority could be hamstrung in perpetuity.

6) Similar/related legislation:

   a. SB 1014 (Skinner, Statutes of 2018) established the Clean Miles Standard and Incentive Program.

7) *Committee amendments.* The committee may wish to consider the following amendments:

a. Revise language that prohibits the CPUC from finding a TNC in violation if the TNC reports, and either meets or exceeds, at least one of the two most recent updated annual targets or goals.

b. Require, by January 1, 2027 the commission to commence issuing support and incentives to drivers under the Driver Assistance Program.

REGISTERED SUPPORT / OPPOSITION:

Support

Cal Chamber
California Hispanic Chamber of Commerce
California New Car Dealers Association
California Nightlife Association (CALNIGHT)
Central City Association of Los Angeles
San Francisco Chamber of Commerce
Technet
Uber Technologies, INC.

Opposition

Coalition for Clean Air
Natural Resources Defense Council (NRDC)
Sierra Club California
Union of Concerned Scientists

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