Date of Hearing: June 29, 2026

ASSEMBLY COMMITTEE ON TRANSPORTATION
Lori D. Wilson, Chair
SB 739 (Arreguín) – As Amended June 10, 2026

SENATE VOTE: 38-0

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

SUMMARY: Requires the California Air Resources Board (CARB) to adopt by January 1, 2028, and the California Public Utilities Commission (CPUC) to implement beginning in 2029, updated targets and goals for the reduction of emissions from trips driven on behalf of a Transportation Network Company (TNC) and creates a fund to support TNC drivers' purchase of electric vehicles. Specifically, **this bill**:

1) Prohibits the CPUC from adopting or enforcing penalties against TNCs for failure to meet any targets or goals of the Clean Miles Standard (CMS) that became effective in October 2022.

2) Requires CARB to adopt by January 1, 2028, and the CPUC to implement, beginning in 2029, updated annual targets and goals for the reduction of emissions of greenhouse gasses (GHG) per passenger mile driven on behalf of a TNC.

3) States that the updated targets and goals shall do all of the following:

    a) Include annual goals for increasing passenger miles traveled using zero-emission vehicles (ZEVs).
    b) Be consistent with the ZEV sales requirements for manufacturers established in Section 1962.4 of Title 13 of the California Code of Regulations, or any successor to those regulations.
    c) Be technically and economically feasible based on the most recent information available, including, but not limited to, current market conditions, rates of ZEV adoption, and affordability of ZEVs and charging infrastructure.
    d) Be based upon the most recent data reported by the transportation network companies to the CPUC.

4) Prohibits the CPUC from adopting or enforcing any penalties against TNCs for the failure to meet any targets or goals adopted by CARB until January 1, 2035.

5) Directs CARB to adjust the targets and goals, and the CPUC to delay implementation of the targets or goals, including any enforcement of the targets or goals against a TNC if CARB or the CPUC find any of the following:

    a) Barriers exist to expanding the usage of ZEVs by TNCs at the established rates.
    b) A target or goal is technically or economically infeasible.
    c) A target or goal significantly exceeds the rate of adoption of ZEVs by the general public.

   d) A target or goal is no longer consistent with the direction given to CARB and CPUC in this bill.

6) Requires CARB and CPUC to review the adopted CMS targets and goals and the available data to make any necessary findings that would require CARB to update the goals and targets. The review shall include, but is not limited to, a review of data relative to current and future electric transportation adoption rates and charging infrastructure utilization rates.

7) States that the CPUC shall not find a TNC in violation of the CMS goals and targets under either of the following circumstances:

   a) The TNC reports on, and either meets or exceeds, at least one of the two most recent annual targets or goals.
   b) More than two years have elapsed between the date that the last review of the targets and goals was performed and the date of the alleged violation.

8) Creates the Transportation Network Company Zero-Emission Fund where monies collected from any penalties imposed on TNCs under the Clean Miles Standard and Incentive Program will be deposited. The fund shall be made available to the CPUC, upon appropriation by the legislature, to support programs or partnerships that will catalyze the continued electrification of personal vehicles operating on TNC platforms.

EXISTING LAW:

1) Establishes the CPUC and empowers it to regulate privately owned public utilities and common carriers in California. (Article XII of the California Constitution; Public Utilities Code (PUC) §301 et seq.)

2) Defines passenger stage corporation as every corporation or person engaged as a common carrier, for compensation, in the ownership, control, operation, or management of any passenger stage over any public highway in the state between fixed termini or over a regular route, not including those exclusively operating within a local jurisdiction or school buses. Establishes the CPUC's authority to regulate, require license or permit to operate, require vehicles used are in safe operating condition, require insurance and workers compensation, take appropriate enforcement action and other provisions related to passenger stage corporations. (PUC §§226 and 1031 et seq.)

3) Defines "charter-party carrier of passengers" as every person engaged in the transportation of persons by motor vehicle for compensation, whether in common or contract carriage, over any public highway in the state and includes any person, corporation, or other entity engaged in the provision of a hired driver service when a rented motor vehicle is being operated by a hired driver. Establishes the CPUC's authority to regulate, require license or permit to operate, require insurance and workers compensation, require vehicles are in safe operating condition, take appropriate enforcement action and other provisions related to charter-party carrier of passengers. (PUC §5351)

4) Establishes the Air Quality Improvement Program that is administered by CARB for the purposes of funding projects related to the reduction of criteria air pollutants and improvement of air quality and establishes the Clean Vehicle Rebate Program to promote the

production and use of ZEVs by providing rebates for the purchase of ZEVs. (Health and Safety Code §44274 et seq.)

5) Designates CARB as the state agency charged with monitoring and regulating sources of greenhouse gas (GHG) emissions and requires all monies collected by CARB as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation. (Health and Safety Code §§38500 et seq. and 39710 et seq.)

6) Requires CARB to establish a per-passenger, per-mile GHG emission baseline for TNC vehicles by January 1, 2020, and includes requirements for calculating the baseline, including the TNC data that must be included in calculations. (PUC §5450(b)(1))

7) Requires CARB to adopt by 2021, targets and goals to reduce TNC vehicles' GHG emissions below the baseline and increase passenger vehicle miles traveled using ZEVs beginning in 2023. These targets and goals must be feasible and consistent with existing state ZEV deployment goals. (PUC §5450(b)(2))

8) Requires CARB and CPUC to delay implementation of the targets and goals if CARB or CPUC finds that unanticipated barriers exist to expanding the use of ZEVs by TNCs. CARB and CPUC must review data related to ZEV expansion barriers at least every two years. (PUC §5450(b)(4))

9) Requires each TNC to develop a GHG emissions reduction plan every two years, starting in 2022. This plan must include proposals for how to meet the emissions reduction targets and goals for TNCs established by CARB and CPUC. The proposals must be based on specified methods for reducing GHG emissions, including increased use of ZEVs. (PUC §5450(c))

FISCAL EFFECT: Unknown

COMMENTS: *Mobile source emissions.* Mobile sources of air pollution are vehicles or equipment that can be moved from place to place and emit pollutants as they operate. These sources include on-road vehicles like cars, trucks, and buses, as well as non-road vehicles such as aircraft, construction equipment, and marine vessels. Mobile sources and the fossil fuels that power them are the largest contributors to the formation of ozone, greenhouse gas (GHG) emissions, fine particulate matter ($PM_{2.5}$), and toxic diesel particulate matter (DPM). Statewide, more than 21 million out of over 39 million Californians live in areas that exceed the federal ozone standards; within these areas, there are many low-income and disadvantaged communities that are exposed to not only ozone, but also particulate and toxic, pollutant levels significantly higher than the federal standards which have immediate and detrimental health effects.

In California, mobile sources are responsible for approximately 80% of smog-forming nitrogen oxide (NO_x) emissions. They also represent about 50% of GHG emissions when including emissions from fuel production, and more than 95% of toxic DPM emissions.

The National Ambient Air Quality Standard (NAAQS). The Clean Air Act of 1970 instructs the U.S. Environmental Protection Agency (US EPA) to set primary NAAQS to protect public health, and secondary NAAQS to protect plants, forests, crops and materials from damage due to exposure to six criteria air pollutants. These pollutants include: particulate matter, ozone, nitrogen oxides, sulfur oxides, carbon monoxide, and lead.

Federal law (42 United States Code 7409 and 7410) requires that all states attain the NAAQS and develop State Implementation Plans (SIP) for nonattainment areas to attain the NAAQS, and attainment areas to maintain attainment. Failure of a state to reach attainment of the NAAQS by the target date can trigger penalties, including withholding of federal highway funds.

State law (HSC 39602) requires the California Air Resources Board (CARB) to develop SIP emission reduction strategies for cars, trucks, and other mobile sources to meet the requirements in the Clean Air Act. Local air districts are primarily responsible for controlling emissions from stationary sources such as factories and power plants. CARB coordinates closely with local air districts (such as SCAQMD) in the development of attainment plans which are then incorporated into the SIP.

The Clean Miles Standard. In an April 2018 report titled Electrifying the Ride-Sourcing Sector in California, the CPUC identified the TNC sector as the biggest opportunity to reduce emissions from transportation providers regulated by the commission. Between November 2016 and October 2017, TNC operations produced carbon dioxide emissions equivalent to the annual energy use of approximately 100,000 households. The report stated that increased TNC use of ZEVs would advance the state's overall EV deployment goals. The report noted the "sizeable, untapped potential to increase EV awareness through interactions with TNC EV drivers and passengers during the millions of trips being arranged on TNC platforms."

SB 1014 (Skinner), Chapter 169, Statutes of 2018, created the Clean Miles Standard (CMS) which required CARB to create dual targets and goals for TNCs to reduce emissions of GHG per passenger mile and increase passenger miles traveled using zero-emission vehicles (eVMT). The CPUC is required to implement these goals and targets. CARB's CMS regulation became effective on October 1, 2022 and CPUC began implementation of the standard in March 2024.

The table below specifies the current eVMT and GHG targets for TNCs. The eVMT targets represent the percentage of passenger miles ZEVs drive. This target requires that TNCs increase the number of ZEVs in their fleets compared to the total number of vehicles in the fleet, and that ZEVs drive an increasing number of miles compared to fossil fuel powered vehicles. For example, the eVMT target increases from 30% in 2026 to 50% in 2027. This means that the number of passenger miles driven by a TNC must increase by 20% between 2026 and 2027.

The GHG targets decrease over time, representing a decrease in emissions from TNC fleets. This can partially be done through fleet electrification, though additional actions are likely needed. Compliance mechanisms to decrease GHG emissions include reducing the number of miles driven without a passenger, increasing the number of shared rides (pooling), and optional credits that can be earned through TNC trips that connect to transit and investments in active transportation by TNCs.

Table: Annual percent eVMT and greenhouse gas (GHG) targets

Calendar Year	eVMT Target (as a percent of passenger miles driven)	GHG (gCO_2/PMT) Target (decreasing emissions from TNC fleets)
2023	2%	252
2024	4%	237
2025	13%	207
2026	30%	161
2027	50%	110
2028	65%	69
2029	80%	30
2030+	90%	0

The Drivers Assistance Program. In implementing the CMS, CPUC created the Drivers Assistance Program (DAP) in Decision D.24-03-001 of Proceeding R.21-11-014 to try to minimize the negative financial impacts of CMS implementation on low- and moderate-income drivers. DAP consists of the CMS Regulatory Fee and the CMS Regulatory Fee Account. The account is funded by a per-trip surcharge that customers pay on trips provided by TNCs. CPUC determined that CMS incentive costs would be established through the Implementation Plan and GHG Plan approval process, which are both plans required pursuant to D.24-03-001. Based on publicly available receipts from TNC rides, the current level for the Clean CMS Regulatory Fee is $0.09. The amount of monies in the CMS Regulatory Fee Account is currently unknown. The CPUC is scheduled to take action on readying the funds for distribution on July 2nd and hopes to distribute funds by September of 2026.

Committee comments. The currently adopted eVMT target increases from 13% in 2025 to 50% in 2027, representing a requirement for TNCs to rapidly increase the per-passenger miles driven in ZEVs. Uber and Lyft contend that while they have been able to meet the first three years of targets, they are not on track to meet the 2026 and later eVMT targets.

Current law provides CARB the flexibility to not adopt CMS rules, and the CPUC to not implement adopted CMS rules if they find that unanticipated barriers exist to expanding the usage of ZEVs by TNCs. With these provisions in existing law, both CARB and CPUC have the necessary authority to provide TNCs relief from the upcoming CMS targets and do not need the authority this bill provides. Additionally, the CPUC released their first *California Clean Miles Standard Unanticipated Barriers and Progress Report* on June 24, 2026. In the report, staff recommends pausing the targets for three years, further highlighting the lack of need for this bill.

This bill creates the Transportation Network Company Zero-Emission Fund which is duplicative of the already established DAP. Additionally, it is uncommon for monies collected through enforcement actions by the CPUC to be deposited into funds other than the General Fund.

Committee amendments agreed to by the author and committee are as follows:

1) Removes the restriction on CARB and CPUC to create targets that "shall not be on a trajectory to significantly exceed the current rate of adoption of ZEVS by the general public".

2) Requires new targets to be consistent with adopted state programs and goals for transitioning to ZEVs.

3) Removes the prohibition on CPUC from taking enforcement actions until 2035.

4) Creates new targets in statute for TNCs to increase passenger miles traveled using zero-emission vehicles, based upon the 2025 target of 13%, as follows:

    a) 17% by the end of 2027.
    b) 19 % by the end of 2028.

    c) Requires the commission, under the new statutorily created targets, consider any monies invested by the TNC to transition their fleet to ZEV in California when considering any enforcement action.

5) Removes the creation of the Transportation Network Company Zero-Emission Fund from the bill.

*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."

Arguments in support. Uber, sponsors of this bill, write, "Uber's mobility platform is the world's most widely available platform for zero-emission rides. We have made exceptional progress, with our drivers adopting electric vehicles up to five times faster than average drivers in the US, Canada, and Europe. As reflected in Uber's Electrification Update (April 17, 2026), more than

339,000 ZEV drivers were active on the Uber platform in Q1 2026 globally, completing a total of over 154 million tailpipe-emissions-free trips during that time. This progress is the result of Uber's investment of hundreds of millions of dollars to help interested drivers make the switch to ZEVs. And our continued commitment to increase electrification on the platform has been demonstrated by the recent launch of a nationwide "Go Electric" grant program and investments to build out public fast-charging stations.

"Despite our progress to date, systemic bottlenecks are also slowing electrification more broadly, putting the success of the CMS program in jeopardy. Recent rollbacks of federal incentives, high interest rates, and production scale-backs by some automakers have limited the supply of affordable ZEV models. Additionally, delays in implementation of the Driver's Assistance Program, the revocation of the EPA waiver authorizing the Advanced Clean Cars II program, a revocation of federal ZEV targets, the proposed rollback of federal GHG regulations, and the elimination of monetary penalties for CAFE standards have further exacerbated the problem. Additionally, and not related to policy, public demand has generally not accelerated as quickly as expected, with many consumers preferring hybrid vehicles. Even the highest mileage drivers are not converting at the rates previously anticipated. None of these factors were accounted for in the original modeling set forward by CARB when determining ambitious but feasible goals and targets. And, because TNC drivers utilize their personal vehicles, a compliance framework that ignores these macroeconomic realities risks becoming a paper mandate that penalizes the very same low- and moderate-income drivers leading the transition."

Arguments in opposition. The Natural Resources Defense Council writes, "Under the CMS, the California Air Resources Board (CARB) adopted annual targets to reduce greenhouse gas (GHG) emissions from transportation network company (TNC) services, and the CPUC is charged with implementing those targets. The CMS is critical to achieving California's climate and local air quality goals. Cars and light-duty trucks account for more than 25 percent of California's GHG emissions. Because vehicles providing services for TNCs and regulated by the CMS program have high annual mileage, reducing their emissions is particularly impactful. Further, TNCs accumulate significant miles in communities because they have passenger carrying miles, deadhead "empty" miles when traveling to pick up a passenger, and repositioning miles to locate where they expect demand. Since TNC services occur predominantly in more densely populated areas, reducing TNC emissions also benefits public health by improving urban air quality. "The CMS program is aligned with the TNCs' own public commitments to fully electrify their US fleets by 2030. The existing program also provides a range of compliance options and flexibility, including built-in review procedures to determine if any barriers exist to electric vehicle adoption and charging infrastructure. The CMS program also includes a variety of incentives and other support mechanisms for drivers to transition to zero-emission vehicles (ZEVs). In short, the CMS program contains flexibilities and features that address the very concerns raised by SB 739, while still prioritizing the transition to ZEVs and reducing harmful air pollution."

Double referral. This bill is double referred to the Assembly Committee on Communications & Conveyance and will be heard in that committee on matters under its jurisdiction.

Previous and related legislation. SB 1014 (Skinner), Chapter 169, Statutes of 2018, required the CPUC, in consultation with the California Air Resources Board (ARB) and California Energy Commission (CEC), to establish the California Clean Miles Standard and Incentive Program

(CCMSIP) to increase the use of zero-emission vehicles (ZEVs) by ride-hailing companies, including transportation network companies (TNCs).

AB 1184 (Ting), Chapter 664, Statutes of 2018, authorized the City and County of San Francisco to establish a tax on TNC rides originating in San Francisco to fund transportation operations and infrastructure within the City and County.

SB 350 (De León) Chapter 547, Statutes of 2015, among the many provisions of the bill, included provisions related to supporting electrification of the transportation system and established requirements of the CPUC in adopting electric vehicle charging proposals from the electric utilities.

SB 1275 (De León) Chapter 530, Statutes of 2014, established the Charge Ahead California Initiative to be administered by the ARB, in consultation with the CEC, air pollution control and air quality management districts, and the public. The bill states that the goals of the initiative are to, among other things, place in service at least 1,000,000 ZEVs and near-ZEVs by January 1, 2023, and to increase access for disadvantaged, low-income, and moderate-income communities and consumers to ZEVs and near-ZEVs.

REGISTERED SUPPORT / OPPOSITION:

Support

Uber Technologies (sponsor)
Cal Night
California Chamber of Commerce
California New Car Dealers Association
San Francisco Chamber of Commerce
Technet

Opposition

American Lung Association in California
Coalition for Clean Air
Natural Resources Defense Council
Sierra Club California
Union of Concerned Scientists

Analysis Prepared by: Aaron Kurz / TRANS. / (916) 319-2093