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2025 California Legislative Session

Summary and commentary on new laws
addressing climate change



Notable Climate Laws from the 2025 California Legislative Session

During the 2025 session of the California State Legislature, over 2,000 bills were introduced and 917 made it to the desk of Governor Gavin Newsom. Of those, he signed 794 and vetoed 123. Included in these totals are several bills addressing climate change. Below is a brief overview of these new laws and their implications for various stakeholders. This summary of the 2025 legislative session is not intended to be comprehensive or fully exhaustive of all climate and energy-related laws passed. Instead, the laws highlighted in this brief include those with the most significant ramifications for the climate and for businesses operating in California. Please see our previous reports for information about major climate legislation passed in California in [2023](#) and [2024](#).

SB-840 Greenhouse gases: Greenhouse Gas Reduction Fund: studies

Summary: SB-840 reauthorizes, reforms, and renames the California Cap-and-Trade Program as the Cap-and-Invest Program. The program, now extended through 2045, ensures continued reductions in greenhouse gas emissions with market-based compliance mechanisms. The bill establishes new legislative intent for strategic spending of the Greenhouse Gas Reduction Fund (GGRF), directing funds toward clean transportation, housing, community development, clean air and water, wildfire resilience, agriculture, clean energy, and climate innovation. It directs the California Air Resources Board (CARB) to evaluate [compliance offset protocols](#) by 2029 and every five years thereafter to maintain scientific rigor. The bill also creates a Legislative Counsel Climate Bureau to support policymaking and prioritizes funding for community emissions reduction programs, fostering environmental justice. The bill marks a pivotal step in securing long-term climate finance, regulatory certainty, and accountability in California.

Outcome: Governor Newsom signed SB-840 into law on September 19, 2025. The law takes effect immediately.

Commentary: SB-840 articulates a robust vision for California's climate future by rebranding and recentring California's market-based emissions reduction system as a powerful tool to both incentivize emissions reductions and finance deep decarbonization. By codifying multiyear funding plans and accountability measures, the bill addresses [past uncertainties](#) over GGRF funding, boosting program credibility and predictability. Its focus on offset protocol updates and community-centered investments complements the state's commitment to [equity and science-based climate action](#). This legislative centerpiece balances ambitious goals with pragmatic oversight, ensuring California's emissions targets remain enforceable and fund real-world solutions.

[SB-614](#) Public resources: transportation of carbon dioxide

Summary: SB-614 authorizes the development of safe carbon dioxide pipelines in California, lifting the state's moratorium once the Office of the State Fire Marshal adopts new safety regulations by July 2026. The bill adds carbon dioxide to the [Elder California Pipeline Safety Act of 1981](#), requiring that new carbon dioxide₂ transport comply with updated federal standards from the Pipeline and Hazardous Materials Safety Administration (PHMSA). It aims to enable the transport of captured or removed carbon dioxide for geologic storage or utilization, supporting California's carbon management and sequestration goals while establishing state-level oversight for safety and transparency.

Outcome: Governor Newsom signed SB-614 into law on October 10, 2025. The Fire Marshal must adopt the relevant regulations by July 1, 2026.

Commentary: SB-614 represents a pivotal next step in California's emerging carbon management framework, building on [SB-905](#), which was enacted in 2022. SB-905 initially placed a moratorium on the development of new carbon dioxide pipelines until the PHMSA published a federal rulemaking on updated safety and operation regulations. PHMSA issued a proposed rulemaking ([RIN 2137-AF60](#)) on the issue in January 2025. SB-614 acknowledges the climate necessity of building carbon dioxide transport infrastructure and makes appropriate balances against associated safety considerations and safeguards.

[SB-57](#) Electrical corporations: data centers: report

Summary: SB-57 directs the California Public Utilities Commission (CPUC) to assess the extent to which electrical utility costs associated with new loads from data centers result in additional infrastructure and management costs that are passed onto other customers. The bill requires the CPUC to submit an assessment to the relevant committees of the Legislature and to publicly post a copy of the assessment on the commission's website.

Outcome: Governor Newsom signed SB-57 into law on October 11, 2025. The CPUC must post the report by or before January 1, 2027.

Commentary: The issues of [cost allocation and ratepayer protection](#) have become increasingly contentious as data center buildout continues to surge across the country. Many fear that expansions could cause spikes in utility rates for residential consumers and other businesses, placing excess strain on the grid. A [previous version of the bill](#) would have directed the CPUC to establish a special tariff for data centers by July 1, 2026, and would have required certain utilities to procure 100% of the electricity delivered to data centers from zero-carbon resources by 2030, but those provisions were removed during committee markup. The law is consistent with a [broader trend](#) of state legislatures seeking to understand the financial burden of data center interconnection and operation on incumbent utility customers.

[AB-947](#) Agriculture: Cannella Environmental Farming Act of 1995

Summary: AB-947 revises the Cannella Environmental Farming Act of 1995, requiring the California Department of Food and Agriculture (CDFA) to oversee a new sustainable agriculture program. The program will provide research, technical assistance, and incentive grants to promote agricultural practices that support climate resilience, ecosystem health, air quality, and biodiversity. The bill expands an existing advisory panel to increase scientific and agency expertise in sustainable agriculture and renames it the “Scientific Advisory Panel on Resilient and Sustainable Agriculture.” The panel, appointed by the CDFA Secretary, will now include members who have “a minimum of five years of scientific training and experience in the field of agriculture, of which at least one member shall have training and field experience in on-farm management practices that reduce greenhouse gas emissions, sequester carbon, or both.”

The law also establishes the “Climate Smart Agriculture Technical Assistance Grant Program” which will fund technical assistance for activities under the Healthy Soils Program, the Alternative Manure Management Program, and the State Water Efficiency and Enhancement Program.

Outcome: Governor Newsom signed AB-947 into law on October 3, 2025.

Commentary: The legislation transitions California’s environmental farming policy toward broader climate and biodiversity goals by empowering the CDFA to actively fund and guide sustainable agriculture practices. The expansion and rebranding of the advisory panel suggest stronger scientific and policy coordination. Incentive grants and technical assistance are expected to help farmers adapt swiftly to new climate and ecological standards. AB-947 signals a more integrated approach to agricultural policy, incentivizing practical, research-backed improvements for both productivity and environmental stewardship.

AB-900 Environmental protection: 30×30 goals: land conservation: stewardship

Summary: AB-900 strengthens California’s commitment to the “30×30” goal of conserving at least 30% of its lands and coastal waters by 2030. The goal was established in Governor Newsom’s [Executive Order No. N-82-20](#). The bill requires the California Natural Resources Agency to update the “pathways to 30×30” report in 2027. This update will include detailed recommendations to improve stewardship and science-based management of conserved lands, identify stewardship backlogs and needs, and explore ways to increase support and innovation for long-term land protection. The report is also directed to include an assessment of the co-benefits of the 30×30 goal, such as carbon sequestration, biodiversity, and water and air purification.

Outcome: Governor Newsom signed AB-900 into law on October 6, 2025. The California Natural Resources Agency is required to update the report by March 15 of each year, with these changes taking effect for the 2027 edition.

Commentary: AB-900 marks a key evolution from land conservation metrics toward durable outcomes by prioritizing the active stewardship of protected areas. The bill addresses workforce gaps in habitat restoration, wildlife resilience, and ecological management, responding to climate pressures already straining conserved lands. By embedding stewardship strategies as a central element, the bill is widely seen as necessary to fulfill California’s biodiversity, climate resilience, and community access promises under the 30×30 initiative.

AB-154 Greenhouse gases: climate corporate accountability: climate-related financial risk: regulations: California Environmental Quality Act exemption

Summary: AB-154 provides CARB with an exemption to environmental impact reporting requirements under the California Environmental Quality Act (CEQA) as CARB implements [SB-253](#) and [SB-261](#) (known together as the [California Climate Accountability Package](#)). The bill also dedicates a minor appropriation from the GGRF to support implementation activities.

Outcome: Governor Newsom signed AB-154 into law on October 11, 2025. The law takes effect immediately.

Commentary: This bill is designed to streamline the regulatory process for two landmark climate disclosure laws by exempting their implementing regulations from CEQA review. This measure is intended to expedite adoption and compliance timelines for reporting rules amid increasing and urgent calls for corporate climate accountability. CARB has already delayed the issuance of the regulations necessary to implement the California Climate Accountability Package. CARB was not on track to meet the statutory deadline for publishing and implementing regulations by January 1, 2025. In response, the Legislature passed [SB-219](#), which set the deadline back six months to July 1, 2025 and made other small changes. By removing this CEQA administrative hurdle with AB-154, CARB now has one less obstacle to overcome.

Vetoed Bills and Other Failed Legislation

The bills listed below failed to become law in 2025. Some did not make it all the way through the legislature while others were passed by both chambers of the California Legislature, but were vetoed by Governor Newsom. The last time the California Legislature overrode a veto was in 1980, and it remains unlikely that any of these vetoes will be overridden.

SB-643 Carbon Dioxide Removal Purchase Program

Summary: SB-643 would have established the Carbon Dioxide Removal Purchase Program, administered by CARB, to purchase and retire carbon dioxide removal (CDR) credits generated by eligible projects physically located in California. The program would have aimed to accelerate CDR development to meet the state's climate targets by providing \$50 million in competitive grants through 2035, supporting a variety of CDR pathways such as direct air capture, biomass carbon removal, enhanced mineralization, and marine carbon removal. Projects would have been required to provide third-party verified, durable carbon removals with a minimum storage permanence of 100 years and deliver community benefits. SB-643 would have established maximum funding allocations for CDR pathways and projects to foster diversity in suppliers and technologies, aligning with California's goal of achieving carbon neutrality by 2045. Annual reports and surveys on CDR projects were to be published to track progress.

Outcome: SB-643 passed both the Assembly and the Senate before being vetoed by Governor Newsom on October 13, 2025.

Commentary: In his [veto message](#), Governor Newsom expressed concern that this bill's efforts to scale CDR were duplicative of current state efforts and said the program was "not accounted for in this year's budget." This bill represented a significant step in California's climate policy trajectory by formally integrating CDR procurement into the state's strategy, providing crucial public funding that complements private, voluntary markets. By setting clear guidelines and supporting a range of CDR technologies, the program would have fostered innovation, environmental integrity, and equitable community benefits. As the [federal government pulls back](#) from supporting the deployment of climate technology, the program would have provided an opportunity at the state level for market development and establishing supportive demand-side policy.

AB-93 Water resources: data centers

Summary: AB-93 would have required California data centers to estimate and disclose to their water supplier their projected water use when applying for or renewing local business licenses, and to annually report their actual water usage to local water suppliers. These requirements would have applied to both new and expanded data centers, aiming to provide transparency and help local governments and water districts better plan for growing demands on local water resources as data center construction accelerates across the state.

Outcome: AB-93 passed both the Assembly and the Senate before being vetoed by Governor Newsom on October 11, 2025.

Commentary: By shifting reporting requirements to the local level, the bill intended to allow communities to gauge the impact of proposed data centers on their water security and to set policies addressing local risks. In his [veto message](#), Governor Newsom acknowledged that the “widespread adoption of artificial intelligence technologies is driving an unprecedented demand for data center capacity” but said the bill would have imposed “rigid reporting requirements about operational details on this sector without understanding the full impact on businesses and the consumers of their technology.”

SB-298 State Energy Resources Conservation and Development Commission: seaports: plan: alternative fuels

Summary: SB-298 would have required the California Energy Commission (in coordination with the State Lands Commission, the California Transportation Agency, and CARB) to develop a plan to assess alternative fuel needs for ocean-going vessels at the state’s public seaports. The plan would have needed to be published by December 31, 2030. The plan would have identified barriers to permitting alternative fuel infrastructure, assessed the feasibility of seaport facilities for alternative fuel development, and forecasted demand, supply, costs, and timing for transitioning vessels to low-emission fuels.

Outcome: SB-298 passed both the Assembly and the Senate before being vetoed by Governor Newsom on October 13, 2025.

Commentary: SB-298 could have aided the state in planning for a transition from conventional marine fuels to cleaner alternative fuels, supporting state and international climate goals while managing market dynamics to reduce compliance costs. SB-298 would have supported implementation and likely reduced the compliance costs of [CARB’s current regulation](#) mandating low-sulfur marine distillate fuels. In his [veto message](#), Governor Newsom said the bill could complicate CARB’s “active [ocean-going vessel] OGV In-Transit rulemaking and result in costs to

the [California Energy Commission's] CEC's primary operating fund, which is currently facing an ongoing structural deficit, thus exacerbating the fund's structural imbalance." As mentioned in Governor Newsom's veto message, CARB is working on [rulemaking related to reducing emissions in the shipping sector](#), and this bill could have accelerated these efforts.

SB-755 California Contractor Climate Transparency Act

Summary: SB-755 would have required the state government's largest contractors to annually disclose their greenhouse gas emissions and their climate-related financial risks to CARB and the public. The bill builds on similar disclosure laws for large companies included in the [California Climate Accountability Package](#). California enacted this package in 2023. It requires certain companies doing business in California to disclose their emissions and climate-related financial risks, depending on their annual revenues.

Outcome: The bill had a hearing on April 30 in the California Senate Committee on Environmental Quality and was advanced by a party-line vote of five to two. The bill then advanced to the Senate Appropriations Committee for further consideration where it stayed for the rest of the legislative session.

Commentary: California is the [fourth-largest economy in the world](#) and [state procurements total more than \\$60 billion a year](#) according to Senator Blakespear (D), the bill's lead sponsor. The bill would have set up different reporting requirements depending on the size of the contractor's business with the state. Senator Blakespear (D) states that an estimated 500 companies meet the threshold to be considered a "significant contractor," (with state contracts totalling at least \$5 million), while an estimated 130 companies meet the higher threshold to be considered a "large contractor" (with state contracts totalling at least \$25 million). These groups would have followed slightly different reporting guidelines based on their sizes. There is likely some overlap between these companies and the companies already required to report under [SB-253 and SB-261](#).

SB-88 Air resources: carbon emissions: biomass

Summary: SB-88 would have directed CARB, with input from the California Department of Forestry and Fire Protection (CAL FIRE), to finalize a standardized system for quantifying emissions from forest fuel reduction by January 1, 2028. It would also have required these agencies to develop methods for measuring the life cycle carbon impacts of alternative uses for [forest and agricultural biomass](#) residues by January 1, 2029. Additionally, the bill would have required an assessment of protocols for carbon credits from products like biochar, and tasked CAL FIRE with ensuring that state-funded forest health projects include responsible biomass disposal and rigorous accounting.

The State Energy Commission would also have been directed to evaluate non-combustion uses of biomass for low- and carbon-negative fuels.

Outcome: SB-88 passed both the Assembly and the Senate before being vetoed by Governor Newsom on October 3, 2025.

Commentary: SB-88 would have positioned biomass as a core part of California's climate strategy by increasing scientific rigor in emissions accounting and promoting the beneficial use of wildfire-prone biomass. In his [veto message](#), Governor Newsom said his administration is working on ways to "sustainably address the growing amount of woody biomass waste." He also stated that most of the requirements of the bill were "duplicative of existing efforts" and that other provisions would "trigger new and substantial costs," which were "not accounted for" in the budget.

Report authors

Thad Woody, Policy Analyst

About Carbon Direct

Carbon Direct helps organizations go from climate goal to climate action. We combine technology with deep expertise in climate science, policy, and carbon markets to deliver carbon emission footprints, actionable reduction strategies, and high-quality carbon dioxide removal. With Carbon Direct, clients can set and equitably deliver on their climate commitments, streamline compliance, and manage risk through transparency and scientific credibility.

Our expertise is trusted by global climate leaders including Microsoft, American Express, and Alaska Airlines, as well as by the World Economic Forum, which selected Carbon Direct as an Implementation Partner for the First Movers Coalition. To learn more, visit www.carbon-direct.com.

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