

DISCLAIMER: The following analysis is a professional staff recommendation and does not necessarily represent the formal opinion of all the members of the Senate Republican Caucus.

MEDIA CONTACT: For media inquiries, please contact Maxie.Holmberg-Douglas@sen.ca.gov or at, 916-651-1521.

Environmental Quality

**SB 1259 (Blakespear)
Oppose**

Vote requirement: 21
Version Date: 05/18/2026

Summary

Requires every refinery to submit a report to the State Water Resources Control Board (Water Board) that outlines their plan for decommissioning and remediation, which includes estimated costs and financial assurance to cover that cost. Provides timelines for the Water Board to review the reports and post them online. Refiners can claim that the report contains trade secrets, but the Water Board must determine if that is true. Allows a private individual to file a lawsuit, and be awarded attorneys fees, if they believe that the Water Board improperly provided a trade secret exemption. Requires a public report on total decommissioning liabilities of refineries in the state and assess the adequacy of financial assurance mechanisms to cover those costs.

Vote History

Senate Environmental Quality: 4-1 (04/08/2026)

(NO: Valladares; ABS: Dahle)

Senate Appropriations: 5-2 (05/14/2026)

(NO: Dahle, Seyarto)

Support & Opposition Received

Support: 350 Bay Area Action; AAPI Force; Alliance of CA for Community Empowerment Action; Asian Pacific Environmental Network Action; Biofuelwatch; CEJA Action; Central Coast Alliance United for a Sustainable Economy; Climate Health Now Action Fund; Communities for a Better Environment; Communities United For Restorative Youth Justice; Courage CA; Earthjustice; Healthy Martinez; Indivisible CA: Statestrong; Long Beach Forward; Physicians For Social Responsibility - Los Angeles; Poder; Scope La; Sunflower Alliance; The Climate Center; Torrance Refinery Action Alliance.

Opposition: CA Chamber of Commerce; CA Council for Environmental & Economic Balance; CA State Council of Laborers; District Council of Iron Workers; Los Angeles / Orange Counties Building and Construction Trades Council; State Building & Construction Trades Council of CA; Western States Petroleum Association.

Fiscal Effect

SIGNIFICANT STATE COSTS

State Operations. Significant costs of \$1.75 million General Fund for State Water Board and Regional Water Board staff to develop guidelines for soil and groundwater remediation at refinery sites. After the first year, the State Water Board anticipates ongoing annual costs of approximately \$2.5 million General Fund to track and review draft reports and annual updates from refiners, conduct and compile public comments, to assess trade secret claims, and conduct any possible enforcement actions. In addition, the State Water Board anticipates one-time contracting costs of approximately \$1 million General Fund for outside expertise in the development of guidelines and creation of the mandated report.

The California Energy Commission indicates cost of this bill are minor and absorbable.

Arguments in Support

Transparency

According to the author, "Refineries are unique among major energy infrastructure because they are not required to meaningfully disclose or plan for cleanup costs until closure is imminent. Other energy sectors, such as nuclear, wind, and solar, are required to plan, set aside funds and submit advanced disclosures to the U.S. Securities and Exchange Commission for eventual closing of infrastructure.

"Due to forces at play globally and in California, we must plan for a future with fewer refineries in our state. We need to know the potential timelines and costs for refinery cleanups long before refineries close, so communities affected and the State can be ready and prepared to transition.

"SB 1259 is a commonsense transparency measure that requires refineries to proactively and collaboratively share information with the State to help us plan for the future of the land refineries sit upon today."

Arguments in Opposition

Solution in Search of a Program and Increased Regulatory Burden on Refiners

This bill adds administrative and financial strain to an already challenged industry, potentially hastening closures and exacerbating fuel supply issues. With only seven operational refineries left that produce gasoline (down from about 50 in the 1980s), further mandates might discourage investments needed to maintain operations.

As the State Building and Construction Trades Council state in their opposition letter, "SB 1259 does nothing to stabilize refinery operations in California. It does nothing to protect fuel reliability, affordability, or the workforce that keeps these facilities running safely. Instead, SB 1259 piles yet another layer of speculative, duplicative, and open-ended regulatory obligations onto an industry already under the most stringent regulations in the world. These union employers already answer to comprehensive labor and environmental standards enforced by the State Water Resources Control Board, regional water boards, the Department of Toxic Substances Control, the California Environmental Protection Agency, the California Air Resources Board, local air districts, and federal agencies, among others. Furthermore, remediation obligations already exist under the Porter-Cologne Water Quality Control Act, the federal Clean Water Act, numerous hazardous waste laws, and site specific permits that require monitoring, remediation, and financial responsibility when operations change or end.

"Requiring refiners to produce speculative cost and timeline estimates for decommissioning before they have even announced a closure is purposely burdensome and completely contrary to making every Californian's commute more affordable. The bill's premise that refineries lack accountability for closure is simply untrue. Asset retirement obligations are already governed by federal securities laws and state and federal environmental regulations. **This bill is a solution in search of a problem and is entirely unnecessary.**" (*emphasis added*)

Creates More Confusion Rather Than Clarity

The Western States Petroleum Association (WSPA) writes in opposition, "Under existing accounting standards, refineries are required to recognize AROs only when obligations are both probable and can reasonably estimated. Where no closure decision has been made and timelines are unknown, Generally Accepted Accounting Principles (GAAP) appropriately does not require disclosure because any estimate would be inherently speculative and unreliable. SB 1259's characterization of this framework as a 'loophole' is inaccurate and misleading; it disregards decades of carefully developed accounting principles designed to ensure financial disclosures are grounded in reality—not conjecture.

"Moreover, refinery operators are already fully accountable under stringent legal and regulatory regimes that require investigation and remediation of environmental impacts. State and Regional Water Boards, along with federal Clean Water Act requirements, impose enforceable, site-specific obligations backed by permits, cleanup orders, and cost-recovery authority. These responsibilities do not disappear—they persist through operations, shutdown, and beyond. SB 1259 does nothing to strengthen these

protections; instead, it imposes duplicative and unnecessary requirements that create confusion rather than clarity."

Confidentiality Concerns

Refiners, particularly publicly traded ones, may oppose disclosing estimates of liabilities that could affect their stock valuations or competitive positioning, even with protections for sensitive data outlined in the bill's intent.

Invites Litigation Over Trade Secret Determinations

This bill creates a process for a refiner to claim that their report contains trade secrets and allows the Water Board to decide if that is true. If the Water Board determines that it does contain a trade secret they shall redact the parts of the report that contain the trade secret. However, the bill also creates a process for anyone to seek judicial review of the decision rendered by the Water Board, and requires the court to award court costs and attorney's fees to a person that prevails in opposing the trade secret claim.

Providing for the reimbursement of attorney's fees only increases litigation. Additionally, it is unclear who would have to pay for the attorney's fees. Is it the Water Board (taxpayers) or the refiners?

Digest

Before December 31, 2028, every refiner must submit to the State Water Resources Control Board (Water Board) a draft report that contains information about decommissioning and site remediation for every refinery they operate. The report must include the following:

1. Plan for decommission which includes cleaning, removal, and disposal of physical refinery infrastructure. This should include technical description of anticipated decommissioning process, estimated cost and duration of decommissioning, documentation of sources of funds available to cover the cost of decommissioning, and description of financial assurances required by law to complete decommissioning or remediation.
2. Description of anticipated site remediation measures. This includes remediation of soil and groundwater and any other needed measures to address associated contamination. This must include a technical description of anticipated decommissioning process, estimated cost and duration of remediation activities, and documentation of a source of funds available to cover the decommissioning costs, and description of laws that impose financial assurance for completion of decommissioning.

The creation and presentation of the draft report must be governed by all of the following:

1. Draft report must separately specify each component of decommissioning and site remediation, presenting a separate description and cost estimated for each component.
2. Refiner must consult with all state and local regulatory agencies with jurisdiction over decommissioning.

3. Document the basis for every cost calculation and compare those to other decommissioning in and out of the state.
4. If information to accurately estimate cost is unknown the refiner must undertake a diligent investigation to obtain the information. If cost is still unknown it must be reported in the report by an approximation.
5. If retirement date is unknown the cost estimate must be presented in assuming refinery closures in 2030, 2035, 2040, and 2045 to establish present value.
6. Estimated methods, costs, and timelines of soil and groundwater remediation must be consistent with the overview prepared by the Water Board.

No later than six months after submission of the draft report the Water Board must, in consultation with the regional water board, review the draft and decide if the report complies with the requirements of the bill, requires minor corrections, or does not comply. If the Water Board determines that the draft report does not comply they must disclose the specific deficiencies and the refiner shall have 60 days to revise their draft report to fix the issue, which could be extended for up to six months if required. Once a draft report is determined to comply with the bill it shall be posted on the Water Board's website for at least 45 days, and include an addendum describing the basis for any trade secrets redacted.

The final report shall be made available on the Water Board's website. Allows the refiner to claim that the report contains a trade secret. If so, the Water Board must make a decision within 30 days and a decision must be provided to the refiner. Allows anyone to seek judicial review of the decision of the Water Board, and allows the court to award attorneys fees to the person opposing the trade secret claim.

Specifies that the report shall not limit the scope of, or appropriate measures, for decommissioning or remediation, or limit any liability for that decommissioning for contamination.

Refiners must provide annual updates to the report incorporating new information. A refiner that provides notice to shut down, reconfigure, or sell a refinery after December 31, 2027, must submit the draft report required by this bill within 30 days of that announcement. A refiner that provides notice after December 31, 2028, must present an update to their report within 40 days of an announcement. A refiner that provided notice after January 1, 2024, and before January 1, 2027, but has not fully completed shutdown as of November 1, 2025, must provide their report no later than March 31, 2028.

Before December 31, 2027, the Water Board must develop an overview for the methods, costs, and timelines associated with soil and groundwater remediation at refinery sites.

Requires the Water Board, in consultation with the Energy Commission, no later than one year after producing their report, to publish a report assessing the total decommissioning and remediation liabilities of refineries in the state. The report should

do the following:

1. Protect confidential business information protected under the Petroleum Industry Information Reporting Act (PIRA) and other laws.
2. Consider existing financial assurances that refineries are subject to under current laws and regulations.
3. Assess the risk of existing financial assurance mechanism being inadequate to cover decommissioning and remediation costs, and may contemplate alternative modes and mechanisms to ensure adequate resources and available to fund and execute necessary decommissioning.
4. Include coordination with state and local agencies as the Water Board deems necessary.

Allows the Water Board to enter into contracts to perform this report, and such a contract does not require review, consent, or approval by the Department of General Services or any other state department or agency.

Makes various uncodified findings and declarations. States that it is the intent of the Legislature to enact legislation that adequately protects trade secrets while providing the state with a sufficient understanding of the costs, timelines, and obligations associated with refinery closures to enable them to respond effectively to possible challenges arising from the broader worldwide fossil fuel transition.

Background

Existing Law

The Porter-Cologne Act created the State Water Resources Control Board (Water Board) as the statewide agency responsible for coordinating and overseeing water quality control, while delegating day-to-day implementation to nine Regional Water Quality Control Boards (Regional Boards). The Water Board's powers are broad and include policy adoption, appellate review of Regional Board decisions, enforcement of both state and federal water laws, and administration of programs to prevent and address pollution.

Oil refineries are major industrial point sources that can discharge pollutants into surface waters, groundwater, or through stormwater runoff, making them subject to Porter-Cologne's regulatory framework. The Water Board and Regional Boards exercise monitoring powers over refineries primarily through:

1. **Permitting and Waste Discharge Requirements (WDRs):** Refineries must obtain WDRs or National Pollutant Discharge Elimination Systems (NPDES) permits for any discharges, which include effluent limitations, monitoring, and reporting obligations. These permits require self-monitoring, such as regular sampling of wastewater discharges, stormwater, and receiving waters for parameters like pH, toxicity, oil and grease, and metals. (*Water Code §13260-§13263*).
2. **Inspections and Investigations:** Allows the Water Board or regional boards to require refineries to furnish technical reports, conduct inspections, or perform monitoring to

investigate potential pollution. This includes site visits, effluent sampling, and record reviews to detect violations, such as unauthorized discharges or exceedances of limits. (*Water Code §13267*).

3. Enforcement Integration: If monitoring reveals non-compliance, the Water Board can impose monetary penalties or require corrective actions, such as enhanced monitoring plans or remediation. (*Water Code §13385*).

Related Legislation

SB 237 (Grayson, Chapter 118, Statutes of 2025) - Late session bill that made numerous changes to state oil policy, which includes providing temporary regulatory certainty under CEQA for new oil and gas projects in Kern County. Contained uncodified findings and declarations that the state lacks explicit requirements for a refinery's closure, and that the state should protect communities and assist workers in the transition through a holistic suite of policies to ensure the health and safety of the people of California. Passed the Senate 28-0. *Current Senate Republican members voted as follows: (AYE: All Republicans, except; ABS: Choi, Dahle, Valladares).*