



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

AB-921 Generators: air pollution regulations: income tax credits. (2025-2026)

SHARE THIS:  

Date Published: 02/19/2025 09:00 PM

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 921

**Introduced by Assembly Member Castillo
(Coauthor: Assembly Member Jeff Gonzalez)
(Coauthor: Senator Choi)**

February 19, 2025

An act to amend Section 43018.11 of the Health and Safety Code, and to add and repeal Sections 17053.49 and 23634 of the Revenue and Taxation Code, relating to generators.

LEGISLATIVE COUNSEL'S DIGEST

AB 921, as introduced, Castillo. Generators: air pollution regulations: income tax credits.

Existing law, the California Emergency Services Act, sets forth the emergency powers of the Governor under its provisions and empowers the Governor to proclaim a state of emergency for certain conditions, including fire, flood, and severe energy shortage.

Existing law requires the State Air Resources Board to adopt cost-effective and technologically feasible regulations to prohibit engine exhaust and evaporative emissions from new small off-road engines produced on or after a specified date.

This bill would exempt from those regulations and other regulations adopted by the state board the sale and purchase of portable or emergency backup generators during the period of time for which the Governor has proclaimed a state of emergency based on an emergency resulting in a loss of electrical service to any part of the state.

The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws.

This bill would allow a credit against those taxes for each taxable year beginning on or after January 1, 2026, and before January 1, 2031, equal to the amount incurred by a natural person or a small business, during the taxable year for the purchase of a backup generator, not to exceed \$7,000, for use in a residence or commercial property. The bill would limit the credit allowed to \$3,500 per taxable year.

Existing law requires any bill authorizing a new tax expenditure to contain, among other things, specific goals the tax expenditure will achieve, detailed performance indicators, and data collection requirements.

This bill would include additional information required for any bill authorizing a new tax expenditure.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 43018.11 of the Health and Safety Code is amended to read:

43018.11. (a) (1) By July 1, 2022, the state board shall, consistent with federal law, adopt cost-effective and technologically feasible regulations to prohibit engine exhaust and evaporative emissions from new small off-road engines, as defined by the state board. ~~Those~~ *Except as provided in subdivision (c), those* regulations shall apply to engines produced on or after January 1, 2024, or as soon as the state board determines is feasible, whichever is later.

(2) In determining technological feasibility pursuant to paragraph (1), the state board shall consider all of the following:

- (A) Emissions from small off-road engines in the state.
- (B) Expected timelines for zero-emission small off-road equipment development.
- (C) Increased demand for electricity from added charging requirements for more zero-emission small off-road equipment.
- (D) Use cases of both commercial and residential lawn and garden users.
- (E) Expected availability of zero-emission generators and emergency response equipment.

(b) Consistent with the regulations adopted pursuant to this section and relevant state law, the state board shall identify, and, to the extent feasible, make available, funding for commercial rebates or similar incentive funding as part of any updates to existing, applicable funding program guidelines for districts to implement to support the transition to zero-emission small off-road equipment operations.

(c) During a period for which the Governor has issued a proclamation of a state of emergency pursuant to Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code based on an emergency resulting in a loss of electrical service to any part of the state, the regulations adopted pursuant to this section, and any other regulations adopted by the state board governing the emissions of portable or emergency backup generators, shall not apply to the sale or purchase of portable or emergency backup generators.

SEC. 2. Section 17053.49 is added to the Revenue and Taxation Code, to read:

17053.49. (a) (1) For each taxable year beginning on or after January 1, 2026, and before January 1, 2031, there shall be allowed as a credit against the "net tax," as defined in Section 17039, an amount equal to the amount specified in paragraph (2) for qualified expenditures paid or incurred by the qualified taxpayer during the taxable year.

(2) The amount of the credit allowed pursuant to this section for the taxable year shall be equal to the amount paid or incurred by a qualified taxpayer during the taxable year for qualified expenditures, not to exceed three thousand five hundred dollars (\$3,500) per taxable year.

(b) For purposes of this section, the following definitions apply:

- (1) "Small business" shall mean a business with 50 or fewer employees.
- (2) "Qualified taxpayer" means a natural person or a small business.
- (3) "Qualified expenditure" means the purchase of a back-up electricity generator that does not exceed seven thousand dollars (\$7,000) for use in a residence or commercial property.

(c) In the case where the credit allowed by this section exceeds the "net tax," the excess may be carried over to reduce the "net tax" in the following taxable year, and succeeding years if necessary, until the credit is exhausted.

(d) (1) For the purposes of complying with Section 41, as it relates to the credit allowed pursuant to this section, the Legislature finds and declares the following:

- (A) The specific goal of the credit is to encourage the purchase of backup electricity generators that are necessary to protect the health and safety of residents and businesses.
- (B) The performance indicator for the Legislature to use when measuring whether the credit meets the goal, purpose, or objective specified in subparagraph (A) is how many taxpayers are allowed the credits.

(2) (A) The Franchise Tax Board shall annually publish anonymized data on the credit through calendar year 2031.

(B) The disclosure provisions of this paragraph shall be treated as an exception to Section 19542.

(e) This section shall remain operative only until December 1, 2031, and as of that date is repealed.

SEC. 3. Section 23634 is added to the Revenue and Taxation Code, to read:

23634. (a) (1) For each taxable year beginning on or after January 1, 2026, and before January 1, 2031, there shall be allowed as a credit against the "tax," as defined in Section 23036, an amount equal to the amount specified in paragraph (2) for qualified expenditures paid or incurred by the qualified taxpayer during the taxable year.

(2) The amount of the credit allowed pursuant to this section for the taxable year shall be equal to the amount paid or incurred by a qualified taxpayer during the taxable year for qualified expenditures, not to exceed three thousand five hundred dollars (\$3,500) per taxable year.

(b) For purposes of this section, the following definitions apply:

(1) "Small business" shall mean a business with 50 or fewer employees.

(2) "Qualified taxpayer" means a small business.

(3) "Qualified expenditure" means the purchase of a back-up electricity generator that does not exceed seven thousand dollars (\$7,000) for use in a residence or commercial property.

(c) In the case where the credit allowed by this section exceeds the "tax," the excess may be carried over to reduce the "tax" in the following taxable year, and succeeding years if necessary, until the credit is exhausted.

(d) This section shall remain operative only until December 1, 2031, and as of that date is repealed.