



September 3, 2024

TO: The Honorable Gavin Newsom  
 Governor of California  
 1021 O Street, Suite 9000  
 Sacramento, CA 95814

FROM: California Business Properties Association  
 California Hispanic Chamber of Commerce  
 California Business Roundtable  
 California Building Officials  
 California Grocers Association  
 California Manufacturers and Technology Association  
 California Metals Coalition  
 California Taxpayers Association  
 Can Manufacturers Institute  
 American Industrial Real Estate Commercial Real Estate  
 Building Owners & Managers Association of California

Inland Empire Economic Partnership  
 Innovating Commerce Serving Communities  
 Institute of Real Estate Management of CA  
 Invest Fresno  
 Los Angeles Area Chamber of Commerce  
 Los Angeles County Business Federation  
 National Federation of Small Businesses  
 NAIOP California and all State Chapters  
 Orange County Business Council  
 Otay Mesa Chamber of Commerce  
 Southern California Leadership Council

RE: AB 98 (Carrillo and Reyes) – Veto Request

Dear Governor Newsom,

Assembly Bill (AB) 98 (Carrillo & Reyes) attempts to regulate logistics and warehouse facility development in California in manner that seeks to address various environmental and community health concerns. However, despite good intentions, this bill falls short in critical ways. Rather than offering practical solutions, AB 98 imposes rigid, impractical mandates that undermine local control, stifle economic growth, and exacerbate the issues it seeks to resolve. The rushed, exclusionary process that led to its passage has resulted in deeply flawed legislation with far-reaching negative consequences to the State of California.

AB 98 was hastily developed and insufficiently vetted. Key stakeholders, including local governments, environmental justice organizations, and the broader business community, were excluded from its development. The controversy surrounding this process is evident in the California Legislature's vote: the Senate passed AB 98 by a vote of 22-16, and the Assembly by a vote of 46-17 with 16 abstentions. The legislation never received a policy hearing in the Assembly and was not debated fully, being limited to the closing minutes of the session.

Among the many concerns, AB 98 contains an overly broad definition of “logistic use,” which extends beyond warehouses to impact manufacturing facilities and any business which utilizes heavy-duty trucks. Unlike previous legislative iterations, AB 98 does not differentiate between warehouses solely for commerce and buildings used for other production and distribution purposes. This conflict is fully realized in a Letter to the Assembly Journal that was submitted immediately upon the bill’s passage. This broad scope has unintended, harmful consequences for the state’s manufacturing sector and businesses beyond. AB 98 will have long-lasting impacts on housing, local land use and transportation planning, and upends both regional and state air quality regulations.

The potential job losses and economic harm, particularly in regions like the Inland Empire that rely on logistics and manufacturing, cannot be overstated. Additionally, AB 98’s “2:1 affordable housing” replacement requirement for redevelopment projects is financially unfeasible, further straining California’s critical housing shortage. Without a sunset clause, these regulations could stifle innovation and growth for years to come.

Given these significant concerns, we respectfully request that you veto AB 98. A more inclusive and deliberative approach is needed—one that involves all stakeholders, including the manufacturing sector, and balances environmental goals with economic realities.

For further information, please contact Robert Spiegel at (916) 865-8019 or [rspiegel@cmta.net](mailto:rspiegel@cmta.net).