



Bill Analysis

Author: Strickland, et al.

Sponsor:

Bill Number: SB 885

Related Bills: See Legislative
History

Introduced January 13, 2026
and Amended April 7, 2026

SUBJECT

Restoring Accountability Act

SUMMARY

This bill, under the Government Code (GOV), would, beginning January 1, 2027, require state agencies to submit a proposal to the Legislature to recommend legislation to authorize the adoption of the major regulation and require legislation expressly authorizing adoption of a major regulation before a state agency can take final action.

This is the Franchise Tax Board's (FTB) first analysis of the bill and only addresses the provisions of the bill that would impact the FTB's programs or operations.

RECOMMENDATION

No position—The three-member Franchise Tax Board has not formally voted or taken a position on this bill.

SUMMARY OF AMENDMENTS

The bill, as introduced on January 13, 2026, would have required legislative approval of major regulations. The April 7, 2026, amendments modified the title of these provisions as the "Restoring Accountability Act."

REASON FOR THE BILL

The reason for the bill is to provide legislative oversight over the adoption of major state regulations.

ANALYSIS

This bill, effective January 1, 2027, would prohibit a state agency from taking final action to adopt a major regulation until specified requirements governing the

adoption of a major regulation are met and the following additional requirements are met:

- The state agency submits a proposal to the Legislature recommending legislation to authorize the adoption of the major regulation; and
- The Legislature enacts a law expressly authorizing the state agency to adopt that major regulation.

The bill, notwithstanding that prohibition, would authorize a state agency to adopt an emergency regulation that is a major regulation if the state agency complies with specified requirements governing the adoption of emergency regulations. The bill would, however, prohibit the emergency regulation from being in effect more than 180 days. A state agency would be able to readopt an emergency regulation that is the same or substantially equivalent to the emergency regulation previously adopted for a period not to exceed 90 days per readoption, not to exceed two readoptions, if the state agency does both of the following:

- Prepares a standardized regulatory impact analysis and submits the analysis to the Department of Finance (DOF) for comment; and
- Submits a proposal to the Legislature recommending legislation to authorize the adoption of the major regulation.

Effective/Operative Date

This bill would be effective and operative January 1, 2027.

Federal/State Law

Federal Law

IRC section 7805 grants the Secretary of the Treasury the authority to prescribe rules and regulations for enforcing the Internal Revenue Code, including provisions for retroactive application and discretionary relief. The process to issue federal regulations includes initiation, drafting, policy review, public notice, comment period, finalization, and publication. The process for issuing federal regulations is governed by the federal Administrative Procedures Act.

State Law

California's Administrative Procedure Act (APA) governs the adoption, amendment, or repeal of regulations by state agencies for purposes of ensuring that they are clear, necessary, legally valid, and available to the public. The APA defines "major regulation" for purposes of the act to mean any proposed adoption, amendment, or repeal of a regulation subject to review by the office that will have an economic impact on California business enterprises and individuals in an amount exceeding \$50,000,000, as provided. The Office of Administrative Law (OAL) is responsible for

reviewing administrative regulations for compliance with the standards set forth in the APA, for transmitting these regulations to the Secretary of State, and for publishing regulations in the California Code of Regulations.

FTB has express statutory authority to adopt regulations under Revenue and Taxation Code (RTC) section 19503. FTB also has express authority within specific RTC sections to draft regulations for the related section, such as RTC section 25106.5. Unless an exemption from the APA applies, the FTB follows the rulemaking procedures in the APA and related regulations adopted by the OAL and DOF. In addition, the FTB follows the requirement that any regulatory project would first require the three-member FTB to approve the project before the regulatory process can begin. FTB generally holds interested party meetings to obtain public input, and then the approved regulatory proposal would begin the formal APA process. To date FTB has not issued emergency regulations.

Implementation Considerations

The FTB has identified the following considerations and is available to work with the author's office to resolve these and other considerations that may be identified.

A state agency must complete its regulation rulemaking and submit the rulemaking file to OAL within one year of the date of publication of a Notice of Proposed Action ("Notice") in the Notice Register. Requiring legislation to adopt a major regulation could impact the FTB's ability to meet the one-year requirement. If this is not the author's intent, the author may want to amend the bill to provide clarity.

Technical Considerations

Note noted.

Policy Considerations

FTB is currently subject to significant oversight and accountability for all of its regulatory projects. This bill would cause additional delays for regulatory adoption for much needed taxpayer guidance. The author may want to amend the bill to provide an exception for the FTB.

This bill does not provide a sunset date, which would generally allow periodic review of the effectiveness of the law change. If this is contrary to the author's intent, the author may wish to amend the bill.

This bill addresses adoption of major regulations but is silent on its application to regulation amendments or repeal. If this is contrary to the author's intent, the author to amend the bill to clarify whether the bill addresses amendments or repeal.

LEGISLATIVE HISTORY

SB 688 (Niello, 2025/2026) and SB 1104 (Niello, 2023/2024), under the GOV, would establish the Office of Regulatory Counsel, as specified, and would task the office with drafting and assisting in the preparation, consideration, amendment, and repeal of regulations for a state agency, before the state agency submits a proposed action regarding that regulation to the OAL, as specified. Both bills were held under submission by the Senate Committee on Appropriations.

SB 986 (Seyarto and Strickland, 2025/2026), under the GOV, would prohibit a major regulation from taking effect until the Legislature enacts a law to approve the regulation, as specified. SB 986 was referred to the Senate Committee on Appropriations and was held in committee under submission.

SB 1123 (Wiener, 2025/2026), under the GOV, would require a state agency, when estimating the economic impact of adopting, amending, or repealing a major regulation, to calculate any offsetting benefits, impacts, or savings that might result directly or indirectly from that adoption, amendment, or repeal and factor that into its economic impact estimate. SB 1123 has moved to the Assembly and has been referred to the committees on Economic Development, Growth and Household Impact, and Judiciary.

PROGRAM BACKGROUND

None noted.

OTHER STATES' INFORMATION

None noted.

FISCAL IMPACT

FTB's costs to implement this bill have yet to be determined. As the bill moves through the legislative process, costs will be determined.

ECONOMIC IMPACT*Revenue Estimate*

This bill, as amended on April 7, 2026, would not impact the computation of state income or franchise tax revenue.

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

LEGAL IMPACT

None noted.

EQUITY IMPACT

None noted.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION

Senate Committee on Governmental Organization, dated April 9, 2026

Support

California Credit Union League
California Taxpayers Association
Mesa Water District

Opposition

American Federation of State, County and Municipal Employees, AFL-CIO
Center for Environmental Health
CFT – a Union of Educators & Classified Professionals, AFT, AFL-CIO
Clean Water Action
CleanEarth4Kids.org
Coalition for Clean Air
Environmental Defense Fund
Environmental Working Group
Friends of the River
Mono Lake Committee
Pesticide Action and Agroecology Network
San Francisco Bay Physicians for Social Responsibility
San Francisco Baykeeper
Union of Concerned Scientists
University of San Diego School of Law
350 Humboldt
7th Generation Advisors

ARGUMENTS

Senate Committee on Governmental Organization, dated April 9, 2026

Proponents

The California Taxpayers Association provides arguments in support, in part stating:

[t]his change would build upon the [APA], which establishes procedures for state agencies to adopt, amend, or repeal regulations. Regulations with significant economic impacts affect California taxpayers, businesses, and the state's broader economy, and it is important that they receive direct legislative approval to ensure that they comply with the laws approved by lawmakers."

Further, "[a]long with strengthening the Legislature's oversight and ensuring government accountability for taxpayers, SB 885 would preserve agencies' flexibility to respond to emergencies. This bill maintains exceptions for immediate action to protect public peace, safety, or general welfare, forming a balanced regulatory process."

Opponents

The CFT provides arguments in opposition, in part stating:

California's regulatory infrastructure is inefficient with too many agencies, too many duplicative and unnecessary steps, and too many layers of review. Opportunities for litigation and delay abound, and forces that oppose progress on key issues like worker safety can grind the system to a halt, leaving workers to suffer and die while lawyers and bureaucrats argue. SB 885 would dramatically worsen these problems by requiring that all major regulations be put on hold until the legislature passes a bill explicitly authorizing a state agency to enact a given major regulation. This would cause an already grueling process to take years longer and cost far more taxpayer money.

LEGISLATIVE CONTACT

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