

**AB 2366 – Administrative Procedure Act: Cost-of-Living Impact on Residents****BILL SUMMARY**

AB 2366 would strengthen the Administrative Procedure Act by requiring state agencies to formally analyze and disclose cost-of-living impacts on California residents when proposing regulations, and by creating new independent oversight, standardized methodology, and accountability tools to ensure those impacts are accurately measured and minimized.

BACKGROUND

California is one of the highest cost-of-living states in the nation. This is due to a variety of factors, including an opaque and onerous regulatory network, high energy prices (especially gas prices) driven by high taxes and environmental mandates, and a significant housing shortage. For example, the California Department of Housing and Community Development estimates that over the past ten years, the state has only added about 80,000 housing units annually, when it needs to build 180,000 per year.

CBNC's 2024 Cost of Living Score for California is only 3 out of 50 points (Top States Grade: F)

- Consumer Price Index (June, West Region, Pacific Division): Up 3.0%
- Annual Homeowners Insurance (statewide): \$2,124
- Average Home Price (San Jose): \$1,707,840
- Half Gallon of Almond Milk: \$5.05
- Monthly Energy Bill: \$294.74

A Forbes analysis based on 2023 numbers estimates California's cost of living to be \$53,171 annually, which is higher than all but two states in the nation. Transportation costs are estimated at \$6,597; food at \$5,262; and income tax at \$6,312. Housing costs are significant, with a median home price of

\$743,632 and a monthly mortgage cost of \$4,442. These costs are exceeded only by Hawaii. Rents are high, as well, at \$1,956 per month, again only exceeded by Hawaii. However, California leads the nation with the highest median overall housing cost at \$2,111 per month.

While existing law requires agencies to consider economic impacts for certain regulations, these analyses have not adequately communicated the true costs of regulations as experienced by everyday Californians. Additionally, there is currently no oversight agency that can review or question a regulatory agency's economic analyses.

SOLUTION

AB 2366 makes cost-of-living analysis a formal, mandatory, and independently reviewed part of the state rulemaking process. Key provisions include:

- **All agencies** must assess cost-of-living impacts (housing, transportation, food, taxes, health care) before submitting any proposed regulation
- **Cost-of-living analysis** must be included in economic impact assessments for non-major regulations and SRIAs for major regulations; completed SRIAs must be submitted to the LAO
- **LAO** must adopt a standardized cost-of-living methodology, independently review each agency's analysis, and identify cost-reduction options when impacts are significant
- **Department of Finance** must develop and annually update a publicly posted regulatory economic burden tracker by sector
- **OAL** must add cost-of-living impacts as a formal review standard, hold a public hearing within 30 days for major regulations, and extend its review

period to 60 days; if a regulation is disapproved for significant cost-of-living impacts, the agency must pursue a less costly alternative or justify why none is feasible

SUPPORT

To be determined (bill introduced February 19, 2026)

FOR MORE INFORMATION

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