



LETICIA CASTILLO

58TH ASSEMBLY DISTRICT

AB 921 FACT SHEET

IN BRIEF:

Assembly Bill 921 establishes a state-level sales and use tax holiday for the purchase of qualified backup electricity generators during the month of May, beginning in 2027. The exemption applies to noncommercial generators costing \$7,000 or less, helping households better prepare for wildfire-related power shutoffs and growing grid instability.

EXISTING LAW:

California currently imposes state sales and use taxes on the purchase or use of tangible personal property, and emergency equipment—including residential generators—remains fully taxable. The California Air Resources Board also regulates the sale of portable generators through emissions-based standards, and although incentive programs exist for certain zero-emission equipment, there is no existing tax holiday or recurring exemption for generators or other emergency-preparedness items.

THE ISSUE:

Recurring Public Safety Power Shutoffs (PSPS) and widespread grid failures have left thousands of Californians without electricity for extended periods. During the January 2025 windstorm, many residents in Riverside and San Bernardino Counties spent as long as eight days without power, jeopardizing medically vulnerable individuals who rely on life-sustaining equipment, elderly residents exposed to extreme temperatures, families who lost significant amounts of refrigerated food, and small businesses unable to operate without electricity.

Despite growing need, the cost of backup generators—especially once state sales tax is included—creates a barrier for many households. Compounding this challenge, new and evolving emissions regulations have created confusion for residents trying to determine which generators are legally eligible for purchase during states of emergency. California families need affordable and reliable options to safeguard their homes during increasingly frequent outages.

THE SOLUTION:

AB 921 provides targeted, annual tax relief by creating a one-month state sales and use tax exemption for household backup generators. Under the amended language, the tax holiday runs from May 1 at 12:01 a.m. through May 31 at 11:59 p.m. and applies from January 1, 2027, through January 1, 2032. The exemption covers noncommercial generators intended for residential use as long as the generator costs \$7,000 or less.

Local sales taxes and certain state special-funded sales taxes—including revenues associated with 2011 Realignment, Public Safety sales taxes, and those imposed under Revenue and

Taxation Code Sections 6051.2 and 6201.2—remain in effect and are not exempt under this bill. Prior tax credit provisions relating to generator purchases were removed through amendment, and the updated bill contains no income-tax components.

To ensure transparency, the California Department of Tax and Fee Administration must report to the Legislature each year on the estimated number of generators sold under the exemption and the amount of state revenue foregone. These reports begin October 1, 2028, and continue annually thereafter.

WHY THIS MATTERS:

AB 921 creates California’s first emergency-preparedness tax holiday, making essential equipment more affordable for families who face recurring power shutoffs. By reducing the cost of backup generators, the bill helps households better prepare for wildfire season, strengthens resiliency for medically vulnerable residents, and encourages proactive safety planning during periods of grid instability.

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