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California Faces Looming Fuel Crisis as State Deadline Threatens to Shut Down Local Gas Stations

Sacramento, CA – The California Fuels and Convenience Alliance (CFCA) is urging the Legislature to take immediate action to prevent a fuel supply and affordability crisis tied to the January 1, 2026, deadline to remove all single-walled underground storage tanks (USTs). While CFCA supports the transition to safer double-walled tanks, the current enforcement approach fails to account for the very real and ongoing barriers that small, independent station owners are facing. CFCA urges the Legislature to take immediate action by adopting a more flexible compliance approach—like that proposed in AB 626—to avoid a preventable crisis threatening fuel access, affordability, and economic stability.

Although only 473 single-walled tanks remain in operation out of tens of thousands that once existed across the state, the shutdown of these facilities will have broad and disproportionate consequences. For small, locally owned fueling businesses, replacing or closing these tanks is a process that should take only a few months. However, due to factors entirely outside of their control, many operators have been trapped in years-long delays.

Station owners have made good faith efforts to comply with the law yet have been repeatedly stalled by a range of systemic issues. These include pandemic-related disruptions, labor and construction shortages, and most critically, excessive delays in local permitting and in the State Water Resources Control Board's administration of the RUST fund loan program. In some of the most egregious cases, it has taken up to two years just to receive a decision on whether a loan application has been approved or denied. Similar delays plague the permitting process, keeping business owners stuck in limbo while the deadline looms.

Some of the impacted sites are in rural or underserved communities, where they serve as critical infrastructure. These independent, unbranded gas stations are often the only local option for fuel and typically offer lower prices to consumers. They also provide essential fuel access for schools, first responders, farms, and medical facilities.

If these stations are forced to shut down, the consequences will be severe:

- Fewer fueling locations will reduce competition and push gas prices higher across the state
- Rural families will have to travel farther and pay more for fuel
- Local job losses and business closures will harm regional economies
- The pressure on California's already constrained fuel supply will grow even worse

"We are approaching a dangerous turning point," said Alessandra Magnasco, CFCA Senior Director of Government Affairs. "If nothing is done, the state will lose hundreds of small gas stations, and consumers will pay the price. We cannot allow red tape to turn into red tags. If lawmakers fail to act now, California will see higher prices, fewer choices, and real economic pain, which are all avoidable outcomes."

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About CFCA

CFCA is the industry's statewide trade association representing the needs of small and minority wholesale and retail marketers of gasoline, diesel, lubricating oils, motor fuels products, and alternative fuels, including but not limited to, hydrogen, compressed natural gas, ethanol, renewable and biodiesel, and electric charging stations; transporters of those products; and retail convenience store operators. CFCA's members serve California's families, agriculture, police and fire, cities, construction, and all consumer goods moved by the delivery and transportation industries.