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California Air Resources Board Holds Public Workshop on Climate-Related Disclosure Rulemaking

In 2023 and 2024, California enacted SB 253, SB 261, and SB 219 requiring companies doing business in the state to provide certain climate-related disclosures starting in 2026. For additional background on these and other Environmental, Social, and Governance (ESG) disclosure laws, check out our February 17, 2025 blog post.

On May 29, the California Air Resource Board (CARB), the state's lead agency for climate change programs and air pollution control efforts, held a public workshop on California's climate-related disclosure laws as part of its rulemaking process. CARB revealed its current thinking on pending regulations for the laws, provided an update on its processes, and invited stakeholders' questions and comments.

Under SB 253, covered entities are required to report their Scopes 1 and 2 greenhouse gas (GHG) emissions by 2026 and Scope 3 emissions by 2027.[1] Limited assurance of the disclosures by an independent third-party assurance provider is required by 2026, and reasonable assurance is required by 2030. According to the law's authors, California state Senators Scott Wiener and Henry Stern, the state is "holding firm" to these dates. The deadline to comply with SB 261 remains January 1, 2026.

There was much discussion on defining key terms in the statutes, including "doing business in California" and "revenue." The threshold for SB 253 is $1 billion in annual revenue, and it is $500 million in annual revenue for SB 261. Multiple stakeholders questioned if a company that remotely employs employees located in California would be considered "doing business" in the state if that is its only contact with the state. Additionally, stakeholders sought clarification on whether a parent entity with no contacts with California would be required to disclose under the laws if its subsidiary are covered entities under the laws.

CARB emphasized its intention to leverage existing reporting frameworks, such as International Sustainability Standards Board (ISSB) standards and the GHG Protocol, to streamline companies' reporting obligations across jurisdictions. CARB intends to release a draft regulation "by the end of the year," but they also stated an intention to release information throughout the year as they have it. CARB continues to accept public comments and encourages stakeholder feedback. CARB's materials from the workshop, including its initial thoughts about key concepts are available on its website.

Companies doing business in California should evaluate their reporting obligations carefully and consider preparing now. We will continue to monitor the progress of these laws and the trending state regulatory engagement on ESG compliance and enforcement, and we are available to answer questions.

This blog was drafted by Kami M. Hoskins, an attorney in the Phoenix, Arizona, office of Spencer Fane. For more information, visit spencerfane.com.

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[1] Scope 1 emissions are a company's direct emissions, Scope 2 emissions are indirect emissions generated from purchased electricity, and Scope 3 emissions are other indirect emissions generated by a company's activities but occur from sources not owned or controlled by the company.

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