

CARB Seeks Public Comment and Delays Rulemaking on California Climate Reporting Laws, While Statutory Deadlines Loom

by Megan J. Houdeshel, Kent J. Schmidt, and Kayla Race

The California Air Resources Board (“CARB”), which has primary jurisdiction over California’s climate disclosures regulations, announced this week that it is delaying its initial rulemaking on the climate-related financial risk reporting and greenhouse gas (“GHG”) reporting statutes as it continues to seek public comments.

These statutes* require any company that does business in California and makes more than \$500 million in annual revenue to report their climate-related financial risks (regardless of the entity’s state of formation or the source of the revenue), and companies making over \$1 billion in annual revenue to additionally report their direct and indirect GHG emissions. The first reporting deadlines under the statutes are January 1, 2026 for the climate-related financial risk reports, and a date in 2026 to be determined by CARB for GHG reports. These statutory deadlines are unchanged by CARB’s delay in its initial rulemaking, which the agency now projects will be brought to Board in the first quarter of 2026, despite the fact that the agency was required by statute to have enacted regulations by July 1, 2025.

As is often the case with the regulatory rollout process in California, even as these dates are extended, there are a host of unanswered questions. The reporting requirements are unclear including what exactly needs to be reported for covered entities. The statutes do not define “revenue,” nor what it means to “do business in California.” There is also a lack of clarity on how corporate parent-subsidary relationships is to be considered in triggering the laws. CARB floated some draft definitions at a workshop in August, published a draft GHG scope 1 and 2 reporting template in September, and posted a preliminary list of covered entities also in September, but uncertainty remains until CARB publishes and finalizes its rules (and perhaps even after).

Given the laws’ lack of clarity and the lack of regulations, there are numerous unanswered questions including the veracity of CARB’s preliminary list of covered entities. Amidst this less than ideal lack of clarity, stakeholders do have an opportunity to help shape CARB’s forthcoming rules by submitting public comments now—CARB is

Related People

- Megan J. Houdeshel
- Kent J. Schmidt
- Kayla Race

Related Capabilities

- Environmental
- Securities & Financial Services Litigation & Enforcement

expressly continuing to seek comments on the preliminary list of covered entities, on the draft GHG scope 1 and 2 reporting template, on how to define organizational boundaries, and “other comments or inquiries.”

If your company has questions or opinions about whether you are subject to these reporting laws and/or what the reports should entail, submitting comments to CARB is likely worthwhile, and we are here to help. If you’d like to discuss your options and any questions you may have about these laws, please reach out by clicking our bio/contact links below.

*The referenced statutes were enacted in 2023 via S.B. 261 (climate-related financial risk reporting) and S.B. 253 (GHG reporting), were amended by S.B. 219 in 2024, and are codified at Cal. Health & Safety Code § 38532–38533.