

Update: California Legislature Approves Targeted Changes to Climate Disclosure Laws Without Delaying Reporting Deadlines

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On Friday, August 31, 2024, both houses of the California legislature approved a bill ([SB 219](#)) making targeted changes to the SB 253 and 261 climate disclosure obligations, which are discussed at length in our [previous post](#). While the original draft trailer bill posted by the California Department of Finance in June suggested that the legislature might enact a two-year delay of compliance deadlines for reporting deadlines (as explained in our [previous post](#)), SB 219 makes much more modest changes to existing requirements and *does not adjust the 2026 and 2027 reporting deadlines* that were originally enacted in SB 253 and 261.

This development presents challenges for companies with reporting obligations. In order to prepare for Scope 1 and 2 reporting in 2026, reporting entities will need to begin tracking GHG emissions in January 2025, months before CARB’s rulemaking deadline. SB 219’s clarification that reporting may occur at the parent level is helpful. However, we expect there will be other questions about the mechanics of reporting that will not be answered in short order. Meanwhile, litigation challenging the constitutionality of SB 253 and SB 261 is ongoing, with oral arguments on motions for summary judgment to take place next week. We will continue to monitor any developments that may impact reporting entities’ substantive obligations under SB 253 and 261, including their timing, and are available to assist with developing a reporting strategy in light of continuing regulatory uncertainty.

Below is a table indicating the changes that SB 219, if signed in to law, would make to the existing provisions of SB 253 (the “Climate Corporate Data Accountability Act”) and SB 261 (“Climate-Related Financial Risk”):

Topic	Existing Law	SB 219 Amendments
CARB deadline to adopt SB 253 implementing regulations	Under SB 253, the California Air Resources Board (CARB) is currently required to develop and adopt regulations to implement	CARB’s deadline to develop and adopt SB 253 implementing regulations would be delayed to July 1, 2025.

	the new emissions disclosure requirements by January 1, 2025.	
Deadlines for SB 253 reporting – Scope 1 and 2 emissions	Entities subject to SB 253 are required to publicly report their Scope 1 and Scope 2 emissions starting in 2026 (for the prior fiscal year) on or by a date determined by CARB and annually thereafter.	No change
Deadlines for SB 253 reporting – Scope 3 emissions	Entities subject to SB 253 are required to publicly report their Scope 3 emissions (for the prior fiscal year) starting in 2027 no later than 180 days after their Scope 1 and 2 emissions are publicly disclosed.	Scope 3 emissions would still have to be disclosed annually starting in 2027, but on a schedule specified by CARB. As explained in our previous post , arguably this change would give CARB the latitude to enact regulations requiring phased reporting of different Scope 3 emission categories.
Deadlines for SB 261 publication of climate-related risk report	Entities subject to SB 261 are required to report climate-related financial risks on their public website by January 1, 2026 and biennially thereafter.	No change
Requirement for CARB to contract with an emissions reporting organization	SB 253 currently requires CARB to contract with a nonprofit “emissions reporting organization” (ERO) to receive emissions disclosures and to make them public on a digital platform, among other things.	CARB would be authorized, rather than required, to contract with a climate reporting organization to carry out the above-described actions that the state board deems appropriate.
	SB 261 requires CARB to contract with the ERO to biennially prepare a public report that consolidates reported climate-related financial risk data.	
Consolidated SB 253 reporting at parent company level	SB 253 does not currently state whether emission disclosures may be consolidated at the parent company level.	Health and Safety Code section 38532 (as enacted by SB 253) would be amended to specifically state that emissions disclosure reports may be consolidated at the parent company level and to specify that, if a subsidiary of a parent company qualifies as a reporting entity under SB 253, it is not required to prepare a separate report.

National Law Review, Volume XIV, Number 249

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