

California Retailers Association Remarks

I. Summary of Rulemaking to date and timeline

CARB has pushed the entire SB 253 and SB 261 fee rule and deadline for rulemaking out to sometime in Q1 of 2026, likely February 2026 (just a week ago the fee rule was supposed to be out any day). The fee rule will have the initial Scope 1 and 2 deadlines in it, likely June 30th, 2026. That'll go to the CARB Board after it comes out in what we think will be Feb 2026 (a few days ago it was supposed to go to the board in December 2025). A more detailed rulemaking will follow, including fleshing out Scope 3, TBD on timing for that.

CARB's enforcement notices and FAQs can help answer some questions on what level of reporting is going to be expected this first year. CARB is looking for "good faith efforts" not penalizing right now: <https://ww2.arb.ca.gov/our-work/programs/corporate-ghg-reporting/resources>

The latest public comment period ended on October 27. CARB recently issued a notice that states that there are changes with respect to when covered entities must comply. Entities that fall under SB 261 — which impacts companies operating in California with annual revenues over \$500 million — are expected to submit their reports by Jan. 1, 2026. Entities that are covered by SB 253 are expected to report their scope 1 and 2 emissions by June 30, 2026.

- **Notice:** Following the California Air Resources Board's (CARB) August 2025 workshop, CARB staff have made available public resources to solicit feedback from stakeholders, including a Climate-Related Financial Risk Report Checklist (09/02/25), a preliminary list of regulated entities and voluntary stakeholder survey tool (09/24/25), and a draft reporting template for Scope 1 and Scope 2 GHG Emissions (10/10/25). Given the large volume of public comments staff have received, and given ongoing input related to identifying the range of covered entities, CARB is proposing an updated timeline for bringing the initial rulemaking (including the fee-related provisions) to the board in Q1 2026. **CARB is continuing to take feedback on the draft reporting template for Scope 1 and Scope 2 GHG emissions at CARB's [public docket](#) through 10/27/25. Feedback related to the preliminary list of covered entities can be submitted through [an online survey](#). Other comments or inquiries can be submitted to Climatedisclosure@arb.ca.gov.**

Additional history on the rulemaking is as follows:

CARB delayed its initial rulemaking for both Senate Bills pushing the release of draft regulations to the first quarter of 2026. Despite this, statutory reporting deadlines remain unchanged—SB 261 requires covered entities to publish a climate-related financial risk report by January 1, 2026, while SB 253 requires disclosure of Scope 1 and Scope 2 greenhouse gas emissions by mid-July 2026.

Recent CARB Rulemaking Activity

- On October 14, 2025, CARB announced the postponement of draft regulations for SB 253 and SB 261 due to a large volume of public comments and stakeholder feedback, aiming to release proposed rules in Q1 2026.
- CARB has published a preliminary list of covered entities and a voluntary draft reporting template for Scope 1 and 2 greenhouse gas emissions under SB 253, meant to aid companies starting their disclosure process for 2026.
- The delay is specifically in developing formal regulations and fee-related provisions; guidance and templates have already been issued, indicating CARB’s intent to help streamline compliance while it finalizes mandatory requirements.

Implications for Compliance

- SB 253: The obligation to report under SB 253 does not begin until CARB adopts implementing regulations, which may not be finalized until late 2026. However, the deadline to report is expected to come before implementing regulations are finalized. Companies should consult counsel with respect to any concerns over reporting during the initial deadline.
- SB 261: Entities are still required to prepare and publish their climate-related financial risk reports by January 1, 2026, regardless of whether CARB’s formal rulemaking is complete.
- Companies are advised to continue their preparations, using CARB’s draft templates and guidance, and monitor ongoing regulatory updates and public workshops that CARB conducts prior to rule adoption.

Key Dates

Law	Current Rulemaking Status	Next Regulatory Milestones	First Reporting Deadline
SB 253	Draft rulemaking delayed to Q1 2026	Final rulemaking target: late 2026	Mid-July 2026 (Scope 1 & 2)
SB 261	Draft rulemaking delayed to Q1 2026	Final rulemaking target: Q1 2026	Jan. 1, 2026 (risk reports)

CARB’s postponement has created uncertainty, especially around eligibility and detailed compliance requirements for covered entities, but companies should not expect any formal delay to statutory deadlines and should keep preparing in accordance with existing guidance and templates.

II. Summary of CRA comments submitted to date

CRA has submitted substantial feedback to CARB to date. See links below to comments submitted.

[Comments submitted to CARB October 26, 2025](#)

[Comments submitted to CARB September 11 and 12, 2026](#)

[Answers to CARB's Questions to Assist Agency with Implementation of CA Corporate Climate Regulations \(SBs 253 and 261\) 3/21/25](#)

[Additional Comment Submitted to CARB After Comment Period Closure October 29, 2025](#)

CRA also compiled a recap of the questions and answers portion of CARB's last workshop on rulemaking for CA's Corporate Climate Disclosure Laws, which can be found below.

[Responses from CARB during Q&A Portion of August 21, 2025 Workshop](#)

- III. Political context of SBs 253 and 261 as amended by 219
 - a. At one point the laws were not funded, then there was an attempt by Senator Weiner to push the bills through the state budget without a SRIA or CEQA review.

Following their passage, CA's climate disclosure laws have not had an easy path in getting funded.

Both California Senate Bill 253 and Senate Bill 261 were initially left unfunded in the Governor's proposed 2024-2025 state budget before funding was later secured showing the difficulty the state is having not only with the budget deficit but with the national movement away from environmental regulations with the Trump Administration.

When Governor Gavin Newsom signed these bills into law, his initial signing statements and the proposed 2024-2025 state budget (released in January 2024) omitted dedicated funding for implementation by the California Air Resources Board (CARB). This led to concern and advocacy from environmental groups and businesses urging the state to include funding for these landmark laws.

Subsequently, after months of negotiation and public pushback, funding was added in the finalized 2024-2025 budget, with \$22 million directed toward implementation. The funding was routed through the Greenhouse Gas Reduction Fund, enabling CARB to hire staff and draft necessary regulations for SB 253 and 261.

Additional difficulties came up with the laws during the budget process this year. CRA testified in a Senate Budget Subcommittee hearing in opposition to a Senate placeholder SB 253/261 rulemaking trailer bill, which would have exempted SBs 253 and 261 rulemakings from CA's Standardized Regulatory Impact Assessment (SRIA) and the California Environmental Quality

Act (CEQA), laws that require economic and environmental analyses for rulemakings. We also signed on to an opposition coalition letter, which is linked below.

[Letter to Legislative Leadership re: Senate Proposed Trailer Bill Standardized Regulatory Impact Assessment \(SRIA\) and California Environmental Quality Act \(CEQA\) Exemptions for SB 253/261 Regulations 06/13/25](#)

The CA Assembly did not have a similar trailer bill, so industry made a last-minute concerted effort to oppose the effort to shield SB 253 and SB 261 from standard rulemaking accountability and transparency processes as soon as we caught wind of it.

[Politico also covered the issue](#) as industry was able to come together quickly to pack the budget subcommittee hearing to oppose the cloak and dagger attempt to take transparency and accountability out of the rulemaking process. Interestingly, Sen. Stern seemed to have no idea about the CEQA and SRIA exclusion effort and this was all on Sen Wiener's side who was gearing up to run for Senator Pelosi's congressional seat and now has openly declared he is running.

b. Lawsuits

There are two pending legal challenges on these laws. One recently brought by Exxon and ongoing litigation filed by the US Chamber of Commerce challenging SB 261 and SB 253.

Exxon's and US Chamber's litigation includes First Amendment arguments and Exxon's suit also argues that the National Securities Markets Improvement Act preempts SB 261 from requiring companies to make disclosures beyond what is required by SEC requirements.

The latest on the US Chamber's litigation is an appeal of the district court's denial of a preliminary injunction. Their appeal is before the Ninth Circuit. The Chamber filed its reply brief in support of its motion for injunction on Oct 2. The Chamber is hoping for a decision by the Ninth Circuit before the deadline for SB 261 compliance but currently, a timely decision is not guaranteed.

c. Future Legislation:

CRA and other state trade associations may consider introducing clean up bills for these laws given their difficulty with rulemaking and not getting clear answers from CARB. The trouble with cleanup is largely timing as we will have a new Governor in a year and both Senators are not termed out until 2028. Sen Wiener announced a run for Senator Nancy Pelosi's seat so he may be leaving the Legislature soon, but companies cannot bank on that and still have to follow the law as they are written today and can't place all hopes on one of the bill authors leaving.

Sen. Stern has, however, moderated a bit this year on environmental issues due to affordability concerns, mainly in response to the loss of two large oil refineries in the state and has reversed

a lot of his anti-oil agenda. This could play on the corporate climate reporting side as well as tariffs and their financial impacts on consumers continue. There will need to be strong messaging and strategy around this if cleanup language is pursued before 2029.

IV. What ideas do your companies have to make these laws workable?

CRA has a good relationship with the Governor and has built a strong brand in the building and having practical solutions can help us bring those ideas to legislators. Suggestions for getting clarity, examples of how reporting will work are welcome.