

# CARB Kicks Off Holiday Season with Release of Proposed Initial Rule Implementing California Climate Disclosure Laws

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On December 9, 2025, the California Air Resources Board (CARB) released a rulemaking package for its proposed “initial regulation” to implement California’s [landmark climate disclosure laws](#): Senate Bill (SB) 253, requiring annual reporting of Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions, and SB 261, requiring the disclosure of climate-related financial risks. CARB also announced an in-person and virtual public hearing on the proposed rule to be held during the board’s regularly scheduled meeting on February 26, 2026.

CARB’s public announcement and release of the proposed rule on December 9 occurred in tandem with CARB’s submittal of the rulemaking package to the state Department of Administrative Law (OAL). According to CARB, OAL is not anticipated to publish the official notice of the rulemaking until December 26, 2025, at which point the 45-day formal public comment period would begin. However, CARB stated that “[g]iven the holiday season and the strong interest in this program, staff is providing extra time for public review of materials prior to the start of the 45-day formal comment period.” The proposed rulemaking materials released by CARB include the [notice of public hearing](#), a [staff report](#) detailing the justification for the rule, and [proposed regulatory text](#).

The primary purpose of the proposed initial regulation is to establish the framework by which fees will be assessed for implementation of SB 253 and SB 261, which are required by statute to be funded through fees assessed on the businesses required to make disclosures under each law. For purposes of the fee regulation, the proposed rule defines a number of key terms for determining applicability of SB 253 and SB 261, including “revenue” and “doing business in California.” The proposed initial rule also identifies the following exemptions to the disclosure requirements of SB 253 and 261:

- Federal, state, and local government entities, and companies that are majority-owned by government entities (>50.00%);
- Nonprofit or charitable organizations that are tax-exempt under the Internal Revenue Code;
- Entities whose only business in California is the presence of teleworking employees; and
- A business entity whose only business within California consists of wholesale electricity transactions.

In addition to codifying some of CARB’s initial staff recommendations related to applicability of the disclosure laws, the proposed initial rule also establishes a deadline of August 10, 2026, for submittal of the first disclosure of Scope 1 and Scope 2 GHG emissions required under SB 253.

CARB’s rulemaking is proceeding in parallel with ongoing judicial challenges to both climate disclosure laws. A

few weeks prior to the release of the proposed rulemaking package, on November 18, 2025, the Ninth Circuit Court of Appeals granted the Chamber of Commerce's motion for an injunction pending appeal as to the enforcement of SB 261, which requires affected entities to post their first climate-related financial risk disclosures to their websites by January 1, 2026. In response, CARB issued an [Enforcement Advisory](#) on December 1, 2025, stating that CARB will not enforce against covered entities for failing to post on the company's webpage by the January 1, 2026, statutory deadline and will provide further information — including an alternate date for reporting, if appropriate — after the appeal is resolved.

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