



Submitted electronically via CARB Comment Portal

February 9, 2026

Lauren Sanchez, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: CMTA Feedback on Proposed California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation

Dear Chair Sanchez:

On behalf of the California Manufacturers & Technology Association (CMTA), which represents small, medium, and large manufacturers operating across California, we appreciate the opportunity to comment on CARB's draft regulations to implement Senate Bill 253 (Climate Corporate Data Accountability Act) and Senate Bill 261 (Climate-Related Financial Risk Act).

CMTA believes it is essential that the implementing regulations for SB 253 and SB 261 be clear, workable, cost-effective, and legally durable, particularly given the scale, complexity, and cumulative compliance obligations already facing California manufacturers.

1. Regulatory Timing and Legal Uncertainty

CMTA acknowledges CARB's decision not to enforce the first reporting deadline under SB 261 in light of the Ninth Circuit's November 18, 2025, order enjoining enforcement of that statute. We appreciate CARB's recognition of the legal uncertainty surrounding SB 261. However, we are concerned about the continued development of compliance tools, voluntary reporting dockets, and fee structures. At the same time, the statute remains enjoined, which may create confusion and de facto pressure on regulated entities to prepare for obligations that may ultimately be modified or invalidated. Manufacturers depend on regulatory certainty to make long-term operational and investment decisions.

We urge CARB to clearly distinguish between voluntary and mandatory actions under SB 261 and to avoid regulatory approaches that effectively assume the law's enforcement prior to resolution of the litigation.

2. First-Year Scope 1 and Scope 2 Reporting Deadline

CARB's proposal to require Scope 1 and Scope 2 emissions reporting by August 10, 2026, raises significant implementation concerns. While SB 253 requires reporting in calendar year 2026, it does not specify a deadline. Manufacturers, particularly those with complex operations, multiple facilities, or limited internal data systems, will need sufficient time to collect, validate, and harmonize emissions data across business units.

Furthermore, the technical and administrative burden of these disclosures continues to increase as the underlying standards (such as Greenhouse Gas Protocol (GHGP)) evolve. Revisions to the GHGP currently under consideration would make Scope 2 reporting increasingly complex. This burden, compounded significantly by the addition of Scope 3 reporting requirements to the mandate, requires more time to gather, verify, and assure the emissions data.

CMTA recommends that CARB:

- Provide additional flexibility for first-year reporting, including an extended or phased deadline, such as December 31, 2026, for the initial 2026 report; and
- Clearly articulate enforcement discretion and safe harbors for entities that make good-faith efforts using the best available data.
- Establish a clear regulatory framework for how emissions information must be reported.

Specifically, CARB should develop standardized reporting templates or forms to promote consistency, reduce administrative burden, and minimize the risk of inconsistent submissions across entities. In addition, CARB should specify the accepted emissions accounting methodologies and emission factor sources that regulated entities must use, including whether CARB will rely on established standards such as IPCC, U.S. EPA, IEA, or another defined framework. Clear direction on reporting format and technical standards will be essential for accurate, comparable, and verifiable disclosures.

3. SB 261 Reporting Framework and Standards

With respect to SB 261 climate-related financial risk disclosures, CMTA similarly urges CARB to provide a defined regulatory framework for how manufacturers should report required information. CARB should develop standardized templates or structured reporting formats to ensure clarity and comparability across submissions while reducing unnecessary compliance complexity.

CMTA also requests that CARB clearly identify the accepted disclosure standard entities are expected to follow. This disclosure should specify whether CARB intends to align with established national or international frameworks—such as the Task Force on Climate-related Financial Disclosures (TCFD)—or with another clearly defined reporting standard.

Early clarity on the governing framework will allow companies to design internal processes, avoid duplicative reporting, and ensure disclosures are decision-useful for regulators and stakeholders.

4. Program Scope and Exemptions

CMTA supports CARB's proposed exemptions for government entities, nonprofit organizations, telework-only entities, and wholesale electricity transactions. These exemptions appropriately limit the programs' scope to entities with a meaningful operational presence in California.

However, CMTA requests additional clarification regarding:

- How “doing business in California” will be applied to manufacturers with limited sales or distribution activity in the state; and
- How parent-subsidiary relationships will be treated where emissions data and financial risk management are decentralized.
- Whether, and to what extent, manufacturers with facilities located entirely outside of California would be subject to program requirements based solely on downstream sales or market participation.

Clear, objective guidance is essential to ensure the program remains focused on in-state environmental concerns, avoids extraterritorial regulation of out-of-state manufacturing activities, and prevents inconsistent interpretations or duplicative reporting obligations.

5. Fee Calculation

CMTA requests clarification on how CARB intends to determine the number of entities subject to SB 253 and SB 261 for purposes of calculating the proposed fee. CARB staff acknowledged during the November 2024 public workshop that its preliminary effort to determine the number of covered entities was significantly flawed and that CARB was unable to accurately determine the number of entities that fall within the scope of either law. Staff also emphasized that it “must accurately identify all entities subject to the 200s on an annual basis for fee purposes, including revenue and doing business,” and indicated that it may rely on a subset of Franchise Tax Board data. (See [SB 253 261 Nov Workshop Slides \(Updated\)](#).)

However, CARB staff had previously advised that the Franchise Tax Board may be legally precluded from sharing the necessary data with CARB. (See [Virtual Public Workshop on SB 253, SB 261, and SB 219 - August 21, 2025](#) recording at 1:15; [SB 253/261/219 Public Workshop: Regulation Development and Additional Guidance](#).) Has CARB resolved this legal issue? If not, how will CARB ensure that its determination of the number of covered entities and reporting entities is accurate?

6. Per Entity Fee Assessment

CMTA requests that CARB revise its proposal to assess fees against each reporting entity and each covered entity to incentivize reporting at the parent company level and to reflect CARB's program implementation costs more accurately. By encouraging subsidiary entities to report at the parent company level, CARB would reduce its own administrative burden by reducing the number of reports it must review and evaluate and would more equitably distribute program implementation costs across reporting and covered entities.

CARB can achieve this by assessing fees based on the number of reports it expects to receive: a single fee for any entity submitting a report for itself only, and a single fee for groups of entities reporting under a single, parent-level report.

7. Cumulative Regulatory Burden on Manufacturers

California manufacturers are already subject to extensive climate, energy, and reporting requirements, including Cap-and-Invest compliance, air district permitting, energy efficiency mandates, and supply chain disclosures. SB 253 and SB 261 add substantial new layers of cost and administrative burden without clear alignment to existing programs. Manufacturers also face risks due to the requirement to incorporate data from third-party organizations into an entity's value chain to report under SB 253.

To alleviate the burdens associated with these risks, CMTA strongly encourages CARB to:

- Include a safe harbor for reasonable estimates of emissions where an entity makes reasonable efforts to obtain accurate data, uses appropriate estimation techniques where direct data is not obtainable, and transparently discloses the use of estimates and associated uncertainty.
- Align definitions, methodologies, and reporting structures with existing state and federal programs wherever possible; and
- Minimize duplicative or conflicting requirements that do not directly advance emissions reductions.

CMTA appreciates CARB's engagement with stakeholders and its efforts to provide early guidance. We suggest that CARB continue to engage regularly with stakeholders throughout the program's implementation to help identify and resolve problems that arise and to make program implementation more efficient. We respectfully request that CARB refine the proposed regulations to provide greater clarity, flexibility, and proportionality, particularly for manufacturers that form the backbone of California's economy and clean energy supply chains. We look forward to continued engagement as this rulemaking and program implementation move forward.