



California Council for Environmental and Economic Balance

369 Pine Street, Suite 720, San Francisco, CA 94104

1201 J Street, Suite 222-223, Sacramento, CA 95814

(415) 512-7890 | cceeb.org

February 9, 2026

Rajinder Sahota
Deputy Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Comments regarding the Proposed California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation

Dear Ms. Sahota,

The California Council for Environmental and Economic Balance (CCEEB) appreciates the opportunity to provide comments to the California Air Resources Board (CARB) regarding the proposed California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure initial regulation. CCEEB is a coalition of business, labor, and public leaders that works together to advance strategies to achieve a sound economy and a healthy environment. Founded in 1973, CCEEB is a non-profit and non-partisan organization that strives to provide pragmatic pathways - balancing the need to reduce emissions while keeping businesses competitive in California.

First, we would like to recognize CARB's work on this herculean effort to advance regulations on California's Climate Disclosure Laws: SB 253, SB 261 and SB 219 (also referred to as the 200s). CARB has conducted numerous workshops and provided resources, such as the December 2024- Enforcement Notice, December 2025- Enforcement Advisory, FAQs, and Checklists.

The primary focus of this initial phase of the regulation is for CARB to administer the fee program. The initial regulation also specifies key definitions and establishes a first-year reporting deadline for SB 253. Future reports, assurance, and enforcement provisions are to be determined in subsequent regulations. There are multiple aspects of the proposed regulation that CCEEB supports, such as Enforcement Discretion, the Flat Fee, and No Assurances Required for 2026.

Enforcement Discretion. In the Staff Report: Initial Statement of Reasons (ISOR), CARB reiterates, consistent with its December 2024 Enforcement Notice, it will exercise enforcement discretion for the first report due in 2026 and allow “reporting entities to submit Scope 1 and Scope 2 emissions for their prior fiscal year based on information they already have or were collecting when that Notice was issued. Entities that were not collecting data or were not planning to collect data, at the time of the Enforcement Notice was issued, are not expected to submit Scope 1 and Scope 2 reporting data for this first reporting cycle.” CARB recognizes, and CCEEB concurs, that some reporting entities may require lead time to collect the data necessary in order to ensure complete and accurate reporting of Scope 1 and Scope 2 data.

Flat Fee. CCEEB also agrees with CARB that a flat fee is more equitable and less burdensome to calculate than a variable fee tied to emissions or financial metrics. A flat fee reduces CARB’s administrative burden – and cost of program implementation - when compared to verifying and managing a variable fee. The flat fee streamlines implementation and provides higher predictability for the program, covered and reporting entities, and CARB.

No Assurances Required for 2026. CCEEB also appreciates CARB’s statement in the November 18, 2025, Workshop Presentation Slides (slide 12) that limited assurance will not be required for 2026 SB 253 reporting for data submission. This provision supports reporting entities as they transition into compliance.

While CCEEB appreciates CARB’s efforts to reduce confusion, simplify compliance, and streamline reporting requirements, there are multiple parts of the proposed regulation that do not reflect operational realities, are not practical, or do not advance climate goals in a cost-effective manner, such as Calculation of Fees, Applicability, the Definition of “doing business in California,” Payment and Collection, Fee Enforcement, and Deadline for Reporting.

Calculation of Fees-§ 96083. The calculation of the fees is of great concern to CCEEB’s members that are covered and reporting entities. CARB estimates a \$20.7 million cost to set up this program which is to be paid for out of the coveted Greenhouse Gas Reduction Fund as a loan that requires repayment. Subsequently, the cost is anticipated to be \$13.9 million a year in 2026-27 and ongoing. When broken down, CARB estimates the need for 42 permanent positions by 2026-27, representing \$8.586 million by fiscal year 2026-27 for salaries and benefits. Operating costs are estimated to be \$5.266 million a year in 2026-27. CARB has also indicated that the fee is expected to cover \$500,000 in legal expenses, a Consumer Price Index increase annually, a 10% contingency adjustment for unforeseen costs or revenue shortfalls, and the loan to get the program started that must be repaid.

CARB’s August Workshop provided an estimate of the fees as well as an estimate of the number of covered and reporting entities under each bill. CARB estimates that the number of reporting

entities for SB 253 is approximately 2,600, with fees estimated at \$3,100 per entity, regardless of whether a reporting entity consolidates and submits a single report. For SB 261, CARB estimates that the number of covered reporters is 4,150 with a fee of \$1,400. For covered entities that are required to report under SB 261, they must pay both fees annually (even though SB 261 is a biennial report). CARB's November Workshop points out the challenges and limitations with regards to estimating the fees. The Workshop Slides indicate that there are major holes in the data, imprecise revenue estimates, and outdated information. These issues create very significant concerns about the accuracy and reasonableness of the fee estimates.

Because of the high level of uncertainty in CARB's costs, the irresolution as to what full regulatory compliance will require, legal precariousness, and the unknown universe of who is actually reporting, CCEEB recommends that CARB not collect fees in 2026. CARB should collect data in 2026 on the universe of covered and reporting entities before collecting fees and finalize the universe of regulatory costs, resulting in a more accurate estimate. This approach will better ensure that CARB maintains a clear nexus between the costs of administering the program and regulated entities. CCEEB additionally recommends smoothing costs over a period of years to reduce the volatility of the fees.

The statute authorizes a parent company to consolidate any reporting from subsidiaries into one, single report. Despite the consolidation, CARB is proposing requiring a fee from every single covered and reporting entity. CCEEB recommends that CARB establish a one-report = one-fee regulation to incentivize the consolidation of reports and further streamline the regulation. It is unclear how the consolidation of a report would result in additional costs to CARB in order to justify multiple fees. CCEEB recommends that if CARB chooses to pursue a fee for each subsidiary, regardless of a consolidated report, that CARB include the rationale for such fees. In addition to the one-report = one-fee concept, CCEEB recommends a cap on the total fees that a single parent entity would pay (\$50,000), regardless of the number of covered and reporting entities within the same parent company.

The proposed regulation provides that in the event of an excess or shortfall of fees, the balance is carried over to the following year. However, there may be instances where a covered or reporting entity reports in one year and does not meet the threshold to report in the following year. In the case where CARB determines that covered or reporting entities paid too much, the regulations should include both a requirement to refund the fees and a process for covered and reporting entities to request a refund. In order to comply with Proposition 26, CARB must demonstrate by a preponderance of the evidence that the charge is no more than necessary to cover the reasonable costs of the government activity and bears a reasonable relationship to the payer's burden or benefits received from the governmental activity. Without this assurance, this fee becomes a tax.

While CARB’s ISOR indicates that the fee is expected to be negligible for “most” companies, this is not the only expense companies will incur in complying with the statutes and regulations. Companies will need to hire experts, third-party assurance providers, and incur millions of dollars in costs collecting, measuring, and reporting the most accurate data. CCEEB appreciates the language that was incorporated into SB 219 that encourages minimizing duplication of effort and allows reports prepared to meet other national and international reporting requirements as well as the language that encourages alignment with existing, widely recognized reporting frameworks. However, the language also specifies “as long as those reports satisfy all of the requirements in this section,” which ultimately reduces the simplification and streamlining of reporting requirements. CARB should identify existing protocols that satisfy the reporting requirements for SB 253 and SB 261 and allow companies the flexibility to choose which protocol they want to use to demonstrate full compliance. The inclusion of this provision would again streamline reporting, allow for timely implementation, provide accurate, comparable information, and reduce the administrative burden on CARB.

Going forward, CCEEB recommends CARB be fully transparent about any future changes in program funding needs and staffing levels, including proposed fee increases. CARB should bring any proposed changes to the Board as informational items and provide covered and reporting entities the opportunity for public input.

Applicability-§ 96071. CCEEB recommends that CARB establish a mechanism to challenge CARB’s determination that an entity is a “reporting entity” or “covered entity” subject to the requirements and fees of SB 253 or SB 261 prior to the imposition of fees, reporting obligations, or penalties. CCEEB also proposes a procedure by which entities can seek confirmation that they are “reporting entities” or “covered entities,” as applicable, before being subject to fees, reporting obligations, and penalties.

Definitions-§ 96072. While we acknowledge and appreciate the amount of work CARB put into the definition of “doing business in California,” the proposed definition may bring in entities without a meaningful connection to California. Entities may exceed the applicable sales thresholds despite not having employees, facilities, or physical operations in California. CCEEB recommends that CARB consider a definition tied to operational presence.

Payment and Collection-§ 96074. The proposed regulation requires entities to pay the fee within 60 days. Given the magnitude of the fees and the complex and time-consuming exercise for applicability determinations, CCEEB recommends extending the period to pay the fees to 90 days. This timeframe is also consistent with the amount of time CARB has to make the reporting disclosures available on the digital platform.

Fee Enforcement-§ 96075. CCEEB disagrees that the failure to pay the full amount of any required fee should constitute a single, separate violation for each day that the fee has not been paid after the date the fee is due given that harm would not accrue with each passing day. CCEEB instead recommends a cap on penalties arising due to the nonpayment of program fees. Health and Safety Code section 38532 and 38533 each contain annual caps for administrative penalties. Fees arising due to the nonpayment of program fees should be subject to a further, smaller annual cap. In addition, CCEEB recommends adding a safe harbor from penalties for the nonpayment of program fees while an entity is performing a good-faith applicability analysis.

Deadline for Reporting Under Health and Safety Code § 38532- § 96076. The proposed regulation sets August 10, 2026, as the deadline for the first year of reporting for SB 253. CCEEB recommends extending this date until December 31, 2026, which would still comply with the 200s, establish a clear deadline, and provide the extra time that is needed to account for gathering and verifying data, the administrative strain imposed by this reporting requirement, and reflect the length of time needed for applicability determinations. Providing additional lead time will also lead to more accurate data and reduce uncertainty, ultimately benefitting consumers of the information, CARB, and the reporting entity.

Companies whose fiscal year ends on or before February 1, 2026, would report data based on the fiscal year ending in the current calendar year (FY 2025-26 data). Companies whose fiscal year ends after February 1, 2026, will report data based on the fiscal year ending in the previous calendar year (FY 2024-25 data), while also having the option to report data based on the more recent fiscal year where available. This approach guarantees at least six months of time between fiscal year end and the proposed reporting deadline. CCEEB recommends as an alternative that CARB allow companies a rolling deadline of no less than 12 months after the end of each company's fiscal year to report. This additional flexibility allows for the accommodation of a wide array of fiscal year deadlines, results in reports being submitted in a steadier, more consistent fashion, avoids potential bottleneck from limited assurance provider capacity, and allows CARB to receive manageable amounts of data submitted at any one time.

Other Comments- While the vast majority of CCEEB's comments focus directly on the narrow scope of this phase of the proposed regulation, CCEEB members have numerous concerns as the development of these regulations move forward.

Scope 1 and Scope 2 Template. To further support compliance and exercise enforcement discretion, CARB's November 18, 2025, Workshop Presentation Slides (slide 12) indicate that the use of the Scope 1 and Scope 2 Template is optional for 2026 reporting. Since the inclusion of a template is beyond the scope of requirements in the 200s, CCEEB recommends that CARB revoke the template altogether.

Use of Existing Standards and Methodologies. CCEEB proposes CARB provide a safe harbor for entities that calculate and disclosure climate-related financial risk and emissions using existing standards and methodologies identified by CARB, including how divestments, mergers, and acquisitions are addressed under such standards and methodologies. Moreover, future regulations should not deviate from existing standards or methodologies or standard reporting practices. To do so would only add to the burden of CARB staff as well as covered and reporting entities, without any tangible benefits. Adding reporting complexity would take away resources from companies that could better be put to use in programs that actually reduce emissions. In particular, the Greenhouse Gas Protocol (GHGP) provides guidance on how entities should account for acquisitions, divestments, mergers, and other structural changes. CARB should not require anything different from the GHGP's guidance on how companies should account for structural changes.

According to CARB's ISOR, the proposed regulation is expected to provide no negligible benefits, no cost savings, no direct impacts on emissions of criteria pollutants, no direct impacts on toxic air contaminants, no direct reductions of greenhouse gas emissions, no strong implications for environmental justice, no creation of jobs, and no expectation that it will result in an expansion of any existing businesses or the creation of new businesses. The sole benefit is information for investors and consumers at a cost of \$14 million annually for CARB, in addition to the millions for each covered and reporting company to comply. Given this reality, CCEEB recommends CARB continue to search for additional ways to streamline the proposed regulation and upcoming regulations to reduce costs and simplify the process for covered and reporting entities.

CCEEB appreciates the opportunity to comment on the proposed regulations. Should you wish to discuss CCEEB's comments and feedback further, please do not hesitate to reach out to me to discuss.

Sincerely,



Tim Carmichael

President and CEO

California Council for Environmental and Economic Balance (CCEEB)

cc: Sydney Vergis

Assistant Deputy Executive, Industrial Strategies Division