

February 9, 2026

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

Re: Comments on Initial Proposed Regulation for SB 253 and SB 261

Submitted via CARB public docket

Dear Chair Sanchez and Members of the Board,

Carbon Accountable appreciates the opportunity to provide comments on the California Air Resources Board's (CARB) initial proposed regulation for the Climate Corporate Data Accountability Act (SB 253) and the Climate-Related Financial Risk Act (SB 261). As an original co-sponsor of SB 253, Carbon Accountable has been deeply involved in providing legal and technical support for this legislation since its inception in 2021. We strongly believe these landmark laws will help usher in a new era of corporate transparency and provide critical decision-useful climate information to investors, consumers, and the public. We want to thank CARB for its diligent work on implementation and for the robust opportunities provided for stakeholder engagement, including numerous workshops and information solicitations.

The following are our comments on the proposed regulation.

1. Definitions: "Doing Business in California"

Carbon Accountable strongly supports the definition of "doing business" and "doing business in California" set forth in proposed § 96072 which incorporates by reference California Revenue and Taxation Code (RTC) § 23101. By using the definition provided by established state tax law, CARB provides a clear, objective, and verifiable standard. This approach avoids ambiguity and ensures that the regulation properly applies to entities with a meaningful economic nexus to the state and minimizes administrative burden.

2. Definitions: "Parent" and "Subsidiary"

We also support the inclusion and definition of the terms "Parent" and "Subsidiary" in § 96072(a)(10) and § 96072(a)(16) respectively. It makes sense for CARB to align these definitions with Title 17, California Code of Regulations, § 95833, ensuring consistency with the Cap-and-Invest program. Establishing a clear scope of corporate relationships is necessary to accurately identify entities within complex corporate structures and appropriately determine reporting obligations. This alignment promotes regulatory consistency and closes potential loopholes that could otherwise allow entities to obscure their control over subsidiaries to evade compliance.

3. Applicability and Exemptions

Carbon Accountable has reviewed the applicability provisions in § 96071 and supports the proposed exemptions for tax-exempt non-profit organizations, government entities, and business entities whose only California activity consists of wholesale electricity transactions or teleworking employees. These exclusions are entirely consistent with the legislative intent of SB 253, which was designed to capture the emissions of major commercial enterprises rather than governmental or charitable bodies. However, given that insurance companies are clearly within scope based on the definition of reporting entities, the proposed insurance company exemption is not in conformance with the statutory language and the intent of the law as enacted.

Throughout the legislative process supporters of SB 253 made clear the importance of ensuring a level playing field, where all commercial entities that meet the definition of reporting entity would be treated the same. We urge the CARB to reconsider its approach with respect to the application of the law to insurance companies to ensure even-handed application of this important statute.

4. Fee Enforcement

Finally, we express our support for the robust fee enforcement mechanisms outlined in § 96075. The inclusion of late fees, the treatment of each day of non-payment as a separate violation, and the authority to seek injunctions are essential tools for maintaining the integrity of the program. Additionally, we support the provision allowing the Executive Officer to contract with external entities, such as the Franchise Tax Board, for auditing purposes. These measures ensure that the costs of implementation are borne fairly by all covered entities and that non-compliance does not result in a financial advantage.

Thank you for your consideration of these comments. Carbon Accountable remains committed to supporting CARB in the successful implementation of these world-leading disclosure programs.

Sincerely,

Carbon Accountable