

**ALERT**

# Key Insights from California's Kickoff Workshop on Corporate GHG Reporting and Climate Risk Disclosures

June 11, 2025

On May 29, the California Air Resources Board (CARB) held a public workshop on CA climate disclosure laws. During the workshop, CARB shared a timeline for regulatory development and an overview of initial staff concepts to clarify applicability questions in SB 253, SB 261, as amended by SB 219. Below are key insights from the workshop, next steps, and recommendations for companies that may need to report:

1. CARB regulations will not be finalized by the July 1, 2025 deadline

SB 219 delayed the requirement for CARB to adopt regulations to implement SB 253 until July 1, 2025. CARB indicated during the workshop that regulations will not be proposed later this year. Under the California Administrative Procedures Act (APA), CARB has one year to finalize the regulations once the formal regulatory process begins.

2. Defining "doing business in California" CARB staff provided their initial concept to define "doing business in California." They proposed using the California Revenue and Tax Code (RTC) definition provided in Section 23101 with modifications. CARB staff specified that both sections 23101(a) and 23101(b) must be met to meet the definition of "doing business in California."
3. Calculating total annual revenue

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## Practice Areas

Environment & Product Regulation

CARB staff proposed that total annual revenue should be defined as gross receipts as set forth in California Revenue and Tax Code Section 25120(f)(2).

#### 4. Defining corporate relationships

To identify a corporate parent, CARB proposed use of the threshold determination set forth in the California Cap-and-Trade program to define a corporate association relationship. CARB shared that under the Cap-and-Trade program, a corporate association exists when one entity has a degree of ownership or control over another entity. A level of ownership or control of 50% or greater requires the establishment of a Corporate Association in the Cap-and-Trade program.

#### Next Steps for In-Scope Entities

CARB stated that the 2026 reporting deadlines outlined in SB 219 remain unchanged for Scope 1 and 2 emissions and the requirement to file a climate-related financial risk assessment. With the reporting deadlines unchanged, entities should assess whether they meet the threshold for reporting given the recent proposals from CARB and if they are in scope, continue to prepare to report.

CARB has asked for feedback on the above proposals. The agency's presentation was helpful in resolving several questions around implementation and the direction proposed in these areas appears reasonable. Covered entities should consider submitting comments to CARB on the concepts proposed that define doing business, calculating total annual revenue, and determining corporate relationships. Covered entities should also request additional clarifications that would be important for CARB to include when it proposes the regulation later in the year.

A link to the presentations during the webinar can be found [here](#).