



CARB Postpones Rulemaking on California's Climate Disclosure Laws, Heightening Compliance Uncertainty for Large Companies

OCTOBER 24, 2025

By [Kyle Danish](#), [Britt Speyer Fleming](#), and [A.J. Singletary](#)

Citing a “large volume” of public comments, California’s Air Resources Board (CARB) has announced it will delay adopting regulations on corporate climate disclosure directed by Senate Bill (SB) 253 and SB 261 until the first quarter of 2026 (Q1 2026). Announced October 14, this postponement extends uncertainty surrounding the scope and timing of compliance obligations for companies doing business in California, including those in the automotive and off-road products sectors, the chemicals industry, the power sector, and the financial sector. Stakeholders are monitoring CARB’s regulatory calendar and preparing for multiple compliance scenarios as the agency continues work on program design, reporting timelines, and verification expectations.

Overview of SB 253 and SB 261

SB 253 (Climate Corporate Data Accountability Act) applies to companies with at least \$1 billion in annual revenue doing business in California and requires public disclosure of a company’s full greenhouse gas (GHG) emissions footprint, including direct emissions (Scope 1), indirect emissions related to the use of purchased energy (Scope 2), and value chain emissions (Scope 3). The statute directs CARB to adopt regulations specifying reporting mechanics, assurance standards, and phased scheduling for disclosures, with assurance becoming more stringent over time and Scope 3 phasing differently from Scopes 1 and 2.

SB 261 (Climate-Related Financial Risk Act) applies to companies with at least \$500 million in annual revenue doing business in California and requires covered entities to prepare and publicly post biennial reports on climate-related financial risk and the measures adopted to reduce and adapt to that risk. The law directs CARB to develop implementing regulations and contemplates alignment with recognized frameworks for climate risk assessment and governance.

Status of CARB Rulemaking and Notable Recent Developments

With their October 14 notice, CARB staff indicated that adoption of the final regulations under SB 253 and SB 261 will move to Q1 2026, rather than late 2025 as previously anticipated. According to CARB’s public-facing materials and meeting updates, staff continue to evaluate stakeholder feedback on threshold definitions, reporting timelines, Scope 3 methodologies, and assurance requirements. The state agency’s updated schedule signals that key regulatory decisions—including what constitutes “doing business in California,” the initial filing deadline and the reporting period it must cover, grace periods, phased assurance, and sector-specific guidance—remain under active development.

The delay compounds uncertainty for potentially covered companies (see September 24, 2025 [preliminary list](#) of covered businesses published by CARB). In particular, large companies face practical constraints securing third-party assurance, especially for Scope 3 inventories. Companies also are considering how to align any new reporting requirement timelines with existing financial and sustainability reporting calendars.

In the absence of timely guidance from CARB, many companies may have to “fly blind”—uncertain whether they are subject to the new disclosure requirements, and unable to confidently prepare for compliance. This lack of clarity on coverage could expose companies to regulatory risk or missed obligations once the rules are finalized.

Stakeholder comments posted on CARB’s website and made during workshops frequently request clarity on “doing business in California,” consolidated revenue calculations, sector-specific data challenges, and phased assurance. CARB has signaled forthcoming guidance on Scope 3 data hierarchies and assurance pathways, and the agency is considering how to sequence SB 253 emissions disclosure with SB 261 risk reporting.

Initial Statutory Deadlines and Due Dates

Under the statutes, SB 253 contemplates public disclosure of Scope 1 and Scope 2 emissions beginning in 2026 and Scope 3 emissions beginning in 2027, with third party assurance phased in overtime. SB 261 contemplates the first biennial climate-related financial risk report in 2026, with subsequent reports every two years. CARB’s pending rulemaking will establish the precise due dates, specify the reporting years to be covered, and set any grace periods or transitional accommodations.

Key Issues to Watch

Final regulations are expected to clarify: (1) how revenue thresholds apply across consolidated groups and what qualifies as “doing business in California”; (2) initial reporting years and phasing, including assurance ramp-ups and any grace periods for Scope 3; (3) Scope 3 methodologies, data hierarchies, and safe harbors; (4) assurance standards and verifier capacity; (5) reporting platforms and formatting; and (6) enforcement approach and corrective action opportunities.

Practical Implications of CARB’s Delay

There is relatively little time between CARB’s Q1 2026 target for finalizing the rule and the October 2026 deadline for initial reporting, and uncertainty still exists. Unsettled questions on coverage, timing, methodologies, and assurance complicate investment and supplier-engagement decisions. [Impacted companies](#) continue to refine inventories, pilot data integrations, and engage with verifiers to gauge assurance readiness—especially for Scope 3.

Recommended Next Steps

Van Ness Feldman is closely following CARB's rulemaking developments related to emissions and financial disclosures. Please contact the authors or any member of VNF's environmental practice to discuss how the delay may affect your climate risk disclosures.

© 2025 Van Ness Feldman, LLP. All Rights Reserved. This document has been prepared by Van Ness Feldman for informational purposes only and is not a legal opinion, does not provide legal advice for any purpose, and neither creates nor constitutes evidence of an attorney-client relationship.