State of California
Air Resources Board

Notice of Public Availability of Modified Text

Proposed California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation

Public Hearing Date: February 26, 2026
Public Availability Date: July 27, 2026
Deadline for Public Comment: August 11, 2026

At its February 26, 2026, public hearing, the California Air Resources Board (CARB or Board) approved for adoption the proposed sections 96070-96077, Title 17, California Code of Regulations (the "Regulation"), which establishes a fee program, a first-year reporting deadline for Health and Safety Code section 38532, and key definitions to help entities assess whether they are subject to Health and Safety Code sections 38532 and 38533.

At the public hearing, the Board directed the Executive Officer or their delegate to determine if additional conforming modifications to the Regulation were appropriate and to make any proposed modified regulatory language available for public comment, with any additional supporting documents and information, for a period of at least 15 days as required by Government Code section 11346.8. The Board further directed the Executive Officer or their delegate to consider written comments submitted during the public review period and make any further modifications that are appropriate available for public comment for at least 15 days, and present the regulation to the Board for further consideration if warranted, or take final action to adopt the regulation after addressing all appropriate modifications.

On May 20, 2026, CARB submitted the rulemaking package to the Office of Administrative Law (OAL) for review. On June 23, 2026, CARB withdrew the Initial Regulation and associated rulemaking documents submitted to OAL to allow more time to make limited changes to clarify certain provisions.

The resolution and all other regulatory documents for this rulemaking are available online at the following CARB website: *https://ww2.arb.ca.gov/rulemaking/2025/california-corporate-greenhouse-gas-reporting-and-climate-related-financial-risk*

CARB has developed proposed modifications (15-Day Changes) described below in the "Summary of Proposed Modifications" section of this notice. The Attachments described below show the specific modifications to the regulatory text that CARB proposes to make with these 15-Day Changes. The modifications are shown in two different ways for the public's convenience.

The Attachments are as follows:

Attachment A - Amendments to Sections 96071, 96072, 96074, 96075 and 96076, Title 17, California Code of Regulations

- Attachment A-1: Proposed 15-Day Modifications to Proposed Regulation Order (compared to version released for 45-day comments)
- Attachment A-2: ~Alternative format to Attachment A-1~

In the version titled Attachment A-1, the 45-Day Text (the initial proposed regulatory language as posted on December 23, 2025) are shown in "normal type." The deletions and additions to the 45-Day Text that comprise the 15-day Changes that are being made public and available for comment with this Notice are shown in ~~strikeout~~ to indicate deletions and <u>underline</u> to indicate additions.

In the version titled Attachment A-2, the 15-Day Changes are provided in a tracked-changes format to provide added accessibility. The 45-Day Text is incorporated into this version as plain, clean text because the 45-Day Text is not being made available for public comment by this Notice. The Proposed 15-Day Changes are shown in tracked changes and are available for comment.

In the Final Statement of Reasons, Staff will respond to all timely-submitted comments received during the comment periods. As noted above, Staff will only respond to comments received during this 15-Day comment period that focus on the 15-Day Changes that are the subject of this notice.

Summary of Proposed Modifications

The following summary does not include all modifications to correct typographical or grammatical errors or changes in numbering or formatting, nor does it include all of the non-substantive revisions made to improve clarity.

1. In subsection 96071(b)(4), Staff propose to add "that occur in interstate commerce" to align more closely with the letter from Senator Wiener and Senator Stern, dated January 30, 2024, and published in the Senate Daily Journal, in which the authors explicitly stated their intent to exclude these entities. CARB determined that such an exclusion is appropriate, and CARB received feedback in the record supporting an exclusion for entities whose only activity within California consists of wholesale electricity transactions that occur in interstate commerce, to promote consistency with existing legal frameworks. CARB agrees that it is appropriate to exclude such entities.
2. In subsection 96072(a)(1), Staff propose to substitute the term "business entity" with "entity doing business" to clarify which organizational forms are included in the definition and to remove a circular reference. This clarification provides greater certainty that applicability determinations remain straightforward and enforceable across diverse business structures.
3. In subsection 96072(a)(8), Staff propose to add "that occur in interstate commerce" to align more closely with the letter from Senator Wiener and Senator Stern, dated January 30, 2024, and published in the Senate Daily Journal, in which the authors explicitly stated their intent to exclude wholesale electricity transactions. CARB determined that the exclusion of wholesale sales of electricity in determining a business entity's sales in California is appropriate, and CARB received feedback in the record supporting such exclusion, to promote consistency with existing legal frameworks.

CARB agrees that it is appropriate to exclude sales aforementioned. In addition, Staff propose to add further clarity regarding the determination of “doing business in California” by explaining that the term “taxpayer” in the California Revenue and Taxation Code section 23101(b) is substituted with “business entity” for the purposes of this Regulation. This change avoids potential uncertainty as to whether a “business entity” also constitutes a “taxpayer” for purposes of assessing whether that business entity is “doing business in California” under the California Revenue and Taxation Code section 23101(b). The modifications do not expand applicability, as the changes also clarify that “doing business in California” will be evaluated at the individual business entity level.

4. In subsection 96072(a)(10), Staff propose to include the term “parent company,” a term that is used in Health and Safety Code sections 38532 and 38533, as a synonym for “parent” for purposes of the Regulation, to support clear interpretation of the statutory language. In addition, Staff revised the internal cross-reference from “section 96072(a)(6)” to “section 96072(a)(16)” to address a numbering error.
5. In subsection 96072(a)(13), Staff propose to add further clarity regarding the determination of “revenue” under Health and Safety Code sections 38532 and 38533 by explaining that intercompany transactions between business entities of the same combined reporting group are excluded for purposes of determining revenue, consistent with section 25106.5-1 of Title 18 of the California Code of Regulations. This clarification responds to stakeholder input and promotes consistent interpretation of existing California corporate tax filing practices to support regulatory consistency and reduce confusion. The modifications do not expand applicability, as the changes also clarify that “revenue” will be evaluated at the individual business entity level.
6. In subsection 96072(a)(16), Staff propose to revise the definition of “subsidiary” to reference the direct corporate association provisions set forth in section 95833 of Title 17 of the California Code of Regulations, which contain the indicia of control, rather than setting forth all of those indicia of control in the Regulation. Staff are proposing to exclude subsection (a)(4) of section 95833 from this provision, as that subsection relates to indirect corporate associations rather than direct corporate associations. Staff are also proposing to exclude subsection (a)(6) of section 95833 from this provision, as that subsection regulates control for shared contractors and employees among different entities to track market power with respect to market-based mechanisms, which is not viewed as a criteria that should allow for consolidated reporting. This clarifying change is intended to resolve stakeholder confusion regarding indicia used to determine whether entities have a direct corporate association. The revision does not modify which entities are eligible to submit a consolidated report as described in subsection 96076(a).
7. Staff propose to revise the title of Subarticle 2 from “Fees” to “Fees and Reporting” to better reflect the sections under the subarticle.
8. In subsections 96074(a)-(d), Staff propose to replace the terms “entity”, “affected entity”, and “entities” with “each reporting entity and covered entity” to maintain consistency with defined terms in Section 96072. This change further clarifies which entities are subject to annual fee assessments and aligns terminology across the Regulation. The modification does not change applicability; it provides terminological consistency.
9. In subsection 96074(a), Staff propose to revise “fiscal year 2026” to “calendar year 2026” and “each year thereafter” to “each calendar year thereafter” to clarify the initial year in which each reporting entity and covered entity is required to pay the annual fee.

The changes in this provision do not affect any substantive requirements, and they provide further clarity in the Regulation. In addition, Staff propose to revise the deadline for issuing a written fee determination notice from "September 10" to "December 10," consistent with the revised November 10 reporting deadline described in subsection 96076(a) and the schedule of assessing fees 30 calendar days after the reporting deadline.

10. In subsections 96074(b)-(c), Staff propose to update references to “60 days” to “60 calendar days.” This clarification provides consistent interpretation across compliance timelines, including fee payment deadlines and late-fee triggers without modifying any existing deadlines.

11. In subsection 96074(b), Staff propose to add language to further clarify that fee payments may be consolidated at the parent company level. This modification does not change the fee payment requirements but rather clarifies how fee payments may be consolidated for a subsidiary as defined in subsection 96072(a)(16) that meets the definition of a reporting entity and a covered entity as defined in subsection 96072(a)(11) and subsection 96072(a)(5), respectively.

12. In subsection 96074(c), Staff propose to revise the term “receipt of the fee determination notice” to “fee determination notice date” to provide consistent interpretation of the deadline for remitting the annual fee, and to better harmonize with a related provision in subsection 96074(b).

13. In subsection 96074(d), Staff propose to modify the recordkeeping requirements by specifying that each reporting entity and covered entity must retain California tax records demonstrating that they meet the revenue and doing business in California thresholds in Health and Safety Code sections 38532 and 38533. This clarification is intended to assist each reporting entity and covered entity in understanding the types of records CARB may request. This change improves clarity and consistency with similar recordkeeping provisions across CARB programs.

14. Staff propose to add a new subsection 96074(e) to provide further clarity on the obligation of the fee remittance, and the mechanism for communicating fee payment methods.

15. In subsections 96075(a) and 96075(c), Staff propose to update references to “each day” to “each calendar day.” This clarification provides consistent interpretation of enforcement-related timeframes without modifying any existing deadlines.

16. In subsection 96075(a), Staff propose to exclude the cross-reference to Health and Safety Code section 38580. The cross-reference to this section that originally appeared in the 45-day version of the Regulation was included in error, as the enabling statutes, Health and Safety Code sections 38532 and 38533, each provide that section 38580 does not apply to violations of Health and Safety Code sections 38532 and 38533.

17. Staff propose to revise the title of Section 96076 from “Deadline for Reporting Under Health and Safety Code Section 38532” to “Reporting Under Health and Safety Code Section 38532” to better reflect the subsections within the section.

18. In subsection 96076(a), Staff propose to change “reporting entities” to “each reporting entity” to maintain consistency with the language used in Health and Safety Code

section 38532. This modification clarifies that requirements apply individually to each reporting entity subject to the Regulation, consistent with statutory intent.

19. In subsection 96076(a), Staff propose to change the reporting deadline from August 10, 2026, to November 10, 2026. This three-month deferral will give reporting entities additional time following the formal adoption of the Regulation. In addition, Staff revised the cross-reference from "section 96076(b)" to "section 96076(c)" in accordance with the addition of the new information. Accordingly, subsection 96076(b) in the 45-day version of the Regulation is now subsection 96076(c).

20. In subsection 96076(a), Staff propose to add language to further clarify that the reporting requirements for the reports due in 2026 shall meet the requirements of Health and Safety Code sections 38532(c)(2)(A)(i)(I) and 38532(c)(2)(A)(ii), and that Scope 3 emissions reporting is not required for the 2026 reporting year. This modification further aligns with the statutory provisions regarding emissions reporting.

21. In subsection 96076(a), Staff propose to add language to further clarify that reports may be consolidated at the parent company level, consistent with Health and Safety Code section 38532(c)(2)(A)(iii). This modification does not change the reporting requirements but rather clarifies how reports may be consolidated for a subsidiary as defined in subsection 96072(a)(16) that meets the definition of a reporting entity as defined in subsection 96072(a)(11).

22. In subsections 96076(a)-(b), Staff propose to add language to describe how CARB will carry out enforcement for the 2026 reporting year, consistent with the December 5, 2024 Enforcement Notice, to improve transparency for reporting entities submitting their first Scope 1 and Scope 2 emissions reports in 2026. The added text clarifies what types of submissions and content CARB will accept for the 2026 reporting year, and explains how CARB will approach enforcement.

In addition to the modifications described above, additional modifications correcting grammar, punctuation and spelling have been made throughout the proposed changes. These changes are non-substantive.

Agency Contacts

Inquiries concerning the substance of the Proposed Regulation may be directed to Aaron McGregor, Air Resources Supervisor I, Fee & Enforcement Support Section, at (279) 208-7141 or John Chung, Air Pollution Specialist, Fee & Enforcement Support Section, at (279) 208-7656.

Public Comments

Written comments will only be accepted on the modifications identified in this Notice. Comments may be submitted by postal mail or by electronic submittal no later than the due date to the following:

Postal mail: Clerks' Office, California Air Resources Board
1001 I Street, Sacramento, California 95814

Electronic submittal: https://ww2.arb.ca.gov/lispub/comm/bclist.php

Please note that under the California Public Records Act (Gov. Code § 7921.00 et seq.), your written and verbal comments, attachments, and associated contact information (e.g., your address, phone, email, etc.) become part of the public record and can be released to the public upon request.

In order to be considered, comments must be directed to CARB in one of the two forms described above and received by CARB no later than the deadline date for public comment listed at the beginning of this notice. Only comments relating to the above-described modifications to the text of the regulations shall be considered.

If you need this document in an alternate format or another language, please contact the Clerks' Office at (916) 322-5594 or by facsimile at (916) 322-3928 no later than five (5) business days from the release date of this notice. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Si necesita este documento en un formato alterno u otro idioma, por favor llame a la oficina del Secretario del Consejo de Recursos Atmosféricos al (916) 322-5594 o envíe un fax al (916) 322-3928 no menos de cinco (5) días laborales a partir de la fecha del lanzamiento de este aviso. Para el Servicio Telefónico de California para Personas con Problemas Auditivos, ó de teléfonos TDD pueden marcar al 711.

California Air Resources Board

Courtney Smith

Courtney Prideaux Smith,
Principal Deputy Executive Officer

Date: July 27,2026

Attachment(s)

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see CARB's website (ww2.arb.ca.gov).