# Feedback on Proposed CARB Regulations

## Definition of “doing business” in California

­­­­Dear Members of the California Air Resources Board (CARB),

We appreciate the opportunity to provide feedback on the proposed regulation concerning the definition of "doing business" in California. With respect to applicability of the CARB Regulations, our company strongly urges CARB not to adopt the California Revenue and Tax Code § 23101 definition of "doing business," which is defined as "actively engaging in any transaction for the purpose of financial or pecuniary gain or profit."

Adopting this definition would have significant and far-reaching implications for companies subject to SB 253 and SB 261. Specifically, this would mean a company would be subject to these laws if it engages in even a small transaction in California, regardless of where the company is formed or where its revenue is generated, provided its overall annual revenue exceeds the $500 million or $1 billion thresholds.

* **SB 253**: mandates compliance for any company with annual revenues of at least $1B.
* **SB 261**: mandates compliance for any company with annual revenues of at least $500M.

If CARB adopts the § 23101 definition of doing business, any company with overall annual revenues exceeding the $500 million or $1 billion thresholds would be obligated to comply, even if their business activities in California are negligible. We believe that a subsidiary whose business in California is well below the $500 million or $1 billion thresholds, should not be subject to these laws, even if its parent company, which ***does not*** operate in California, has aggregate revenues over the respective thresholds.

In summary, it is Trimac’s view that in scenarios where a parent company exceeds the financial thresholds but does not conduct business in California, and its subsidiary, which does business in California, falls below the thresholds, the CARB Regulations should not apply. The financial results of the parent and subsidiary should not be consolidated to trigger compliance under these laws.

We believe that adopting the § 23101 definition would place an undue burden on companies with limited business activities in California, potentially impacting the profitability of smaller entities, and discouraging economic engagement in the state. We respectfully request that CARB consider these implications and refrain from adopting this definition.

Thank you for your attention to this matter.

Sincerely,
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