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Canal Place
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March 10, 2025

California Air Resources Board (CARB)
1001 I Street
Sacramento, CA 95814

Re: Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as amended by SB 219

Ladies and Gentlemen:

Thank you for the opportunity to provide public comments on behalf of our clients to inform the implementation of California Climate Disclosure Legislation: Senate Bills 253 and 261, as amended by SB 219.

Please consider the following example and clarify CARB's position on the calculation of the \$500 million annual revenue and the \$1 billion annual revenue thresholds in SB 261 and SB 253, respectively.

Example: *Company B is a wholly-owned subsidiary of Parent A.*

Company B is incorporated in a State other than California and is qualified to do business as a foreign corporation in California. Company B generates \$10 million in annual gross revenue from its business in California and has total annual gross revenue from all operations of \$50 million.

Parent A is incorporated in a State other than California and conducts no business in California. Parent A generates annual gross revenue in excess of \$1 billion.

We take the position that neither Parent A nor Company B is a "reporting entity" under SB 253 or a "covered entity" under SB 261. Parent A is not subject to either SB 253 or SB 261 because it does not do business in California; the fact that Company B, a distinct legal entity from Parent A, does business in California does not impact the analysis of whether Parent A does business in California. Company B is not subject to SB 253 or SB 261 because it does not meet the gross revenue thresholds under either statute; the revenues of its parent company, a distinct legal entity from Company B, are not attributable to Company B for purposes of determining the applicability of either SB 253 or SB 261 to Company B.

Please clarify in the implementing regulations for SB 253 and SB 261 whether the foregoing interpretation of the statutes is correct. That is, please clarify that (a) the fact that a subsidiary company does business in California does not mean that every direct and indirect parent company

March 10, 2025

Page 2

of the subsidiary company is deemed to be doing business in California for purposes of SB 253 or SB 261 solely on account of the subsidiary's operations, and (b) the revenues generated by the direct and indirect parent companies of a subsidiary company should not be included in the calculation of the subsidiary company's gross revenues for purposes of SB 253 or SB 261. We believe that the foregoing interpretations of SB 253 and SB 261 comport with the California legislature's intended scope of these statutes.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark A. Fullmer", with a long horizontal flourish extending to the right.

Mark A. Fullmer, Esq.