USC University of Southern California

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

Re: Comments on SB 253 & 261

Dear California Air Resources Board,

On behalf of the University of Southern California, please see the comments below in response to specific questions delineated in your Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation.

Our primary request is that CARB explicitly exempt California's private, non-profit colleges and universities from the interpretation of "doing business in California" consistent with their tax exempt status as non-profit educational institutions under section 501(c)(3) of the Internal Revenue Code and from state income tax as nonprofit educational institutions under Article 13, Section 26 of the California Constitution and Revenue and Taxation Code Section 23701d. Non-profit institutions of higher education reinvest revenues back into their related educational mission. For example, tuition and state and federal grants support student learning, research, and related services. If CARB wishes to further define the conditions in which a non-profit institution of higher education is "doing business in California" it should only subject unrelated business income to the total annual revenue threshold criteria found in SB 253 and SB 261 ($1 billion and $500 million total annual revenues, respectively).

I'd also like to expand upon the responses to questions 2, 3.b, and 9.e, collectively. Namely, we request that California formally recognize greenhouse gas (GHG) inventories generated using the Sustainability Indicator Management and Analysis Platform (SIMAP(R)) as an acceptable method for SB 253 compliance.

SIMAP, developed by the University of New Hampshire, is widely used by higher education institutions and fully aligned with the World Resources Institute's Greenhouse Gas Protocol, the standard referenced in SB 253. Ensuring its acceptance under the reporting framework would:

1. Avoid Duplication of Effort: USC and many institutions already use SIMAP for comprehensive GHG inventories. Accepting it for compliance would prevent redundant recalculations, saving time and resources.

2. Ensure Consistency Across Reporting Efforts: Higher education institutions report emissions for sustainability goals, institutional accountability, and public disclosures. If SIMAP-based inventories are not accepted, institutions may be forced to generate separate reports, leading to inconsistencies.

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3. Align with Established Best Practices: SIMAP adheres to the GHG Protocol framework and provides robust methodologies for Scope 1, 2, and 3 emissions reporting, ensuring accuracy and reliability.

To streamline implementation and minimize unnecessary administrative burdens, we urge CARB to explicitly allow SIMAP-generated inventories as a valid reporting method under SB 253.

As to the specific questions:

General: Applicability

1.a. Yes, CARB should adopt the Revenue and Tax Code section 23101 definition to ensure consistency with existing tax regulations.

However, we request that CARB explicitly exempt California's private, non-profit colleges and universities from the interpretation of "doing business in California" consistent with their tax exempt status as non-profit educational institutions under section 501(c)(3) of the Internal Revenue Code and from state income tax as nonprofit educational institutions under Article 13, Section 26 of the California Constitution and Revenue and Taxation Code Section 23701d. Non-profit institutions of higher education reinvest revenues back into their related educational mission. For example, tuition and state and federal grants support student learning, research, and related services. If CARB wishes to further define the conditions in which a non-profit institution of higher education is "doing business in California" it should only subject unrelated business income to the total annual revenue threshold criteria found in SB 253 and SB 261 ($1 billion and $500 million total annual revenues, respectively).

2.a. CARB could rely on state business registration databases, SEC filings, and emissions disclosure programs like SIMAP to track private companies. These sources provide verifiable and standardized data, reducing the burden on both regulators and reporting entities.

General: Standards in Regulation

3.a. CARB should align with internationally recognized standards, such as WRI's GHG Protocol, the established global benchmark for carbon emissions accounting.

3.b. To reduce duplicative reporting and the associated administrative burden, CARB should allow companies to leverage existing GHG emissions disclosure programs like SIMAP. This approach would prevent organizations from having to develop separate inventories solely for SB 253 compliance when they are already reporting under rigorous, established frameworks.

3.c. Entities should maintain consistent reporting methods year-over-year to ensure comparability, with flexibility for material updates. We anticipate significant market advancements in tools, methods and data availability & accuracy for Scope 3 categories, in particular, over time and so recommend that rules be flexible to accommodate and promote those advancements.

SB 253: Climate Corporate Data Accountability Act

7. CARB should align with GHG Protocol guidance on organizational boundaries and allocation methods. This includes clear definitions for operational versus financial control approaches.

9.c. Reporting entities generally use annual data and align reporting with fiscal year cycles.

9.d. Prior-year emissions data is typically available by Q2 of the following year. CARB should consider this timeline when establishing deadlines to ensure businesses have access to finalized data for accurate reporting.

9.e. SIMAP, developed by the University of New Hampshire, is widely used by higher education institutions and fully aligns with GHG Protocol standards. Recognizing SIMAP under SB 253 would provide institutions with a seamless reporting pathway while maintaining methodological rigor.

SB 261: Climate-Related Financial Risk Disclosure

10. While data availability varies by sector, a Q4 deadline in the following year would provide sufficient time for organizations to compile and verify their prior-year emissions data before submitting climate-related financial risk disclosures.

11. A fixed reporting schedule would ensure consistency across industries, improving comparability and reducing administrative confusion.

Thank you for your solicitation and consideration. We look forward to continued engagement as the regulatory framework develops.

Sincerely,

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