

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 07/12/2023
POSITION: Oppose

BILL NUMBER: SB 253
AUTHOR: Wiener, Scott

BILL SUMMARY: Climate Corporate Data Accountability Act.

This bill requires the State Air Resources Board (CARB), on or before January 1, 2025, to develop and adopt regulations requiring specified partnerships, corporations, limited liability companies, and other business entities with total annual revenues in excess of \$1 billion and that do business in California, defined as "reporting entities," to publicly disclose to a newly created emissions reporting organization and verify, starting in 2026 and annually thereafter, their scope 1 and scope 2 greenhouse gas emissions. Starting in 2027 and annually thereafter, these entities would be required to disclose their scope 3 greenhouse gas emissions from the specified fiscal year. Moreover, the bill requires reporting entities to ensure that their public disclosures have been independently verified by a third-party auditor.

This bill also requires CARB to review and update, during 2029, these deadlines to evaluate trends in scope 3 emissions reporting and to consider changes to the deadlines as necessary by January 1, 2030. The bill further requires CARB to contract with an emissions reporting organization to develop a reporting program to receive and make publicly available the required disclosures.

Additionally, this bill requires CARB, on or before July 1, 2027, to contract with specified entities to prepare a report on the public disclosures made by reporting entities to the emissions reporting organization. Finally, this bill requires reporting entities to pay an annual fee, not to exceed \$1,000, for the reasonable regulatory costs of CARB to administer and implement these provisions. The bill would create the Climate Accountability and Emissions Disclosure Fund, require the proceeds of the fees to be deposited in the fund, and continuously appropriate the money in the fund to CARB for purposes of the bill.

FISCAL SUMMARY

CARB estimates the fiscal impact of this bill to be approximately \$3 million Climate Accountability and Emissions Disclosure Fund (CAEDF) and the need for 12 permanent positions in 2023-24, \$7.7 million CAEDF and an additional 14 permanent positions in 2024-25, and \$7 million CAEDF in 2025-26 and ongoing. CARB notes that the estimated \$5 million in annual revenues to CAEDF would not be sufficient to cover the full amount of anticipated annual costs, and that General Fund would likely be required to cover the remainder. These resources are required to determine types of corporations subject to reporting and relevant sources of emissions for scopes 1, 2, and 3; assess emissions factors and quantification methods for scopes 1, 2, and 3 emissions sources; implement rulemaking to establish reporting and verification requirements; and implement activities for reporting and verification requirements.

The Department of Finance concurs with these estimates and notes that any requests for additional resources are subject to review and approval through the annual budget process.

COMMENTS

Analyst/Principal (622) Beltran, Christian	Date	Program Budget Manager Almy, Matt	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
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BILL ANALYSIS--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

Wiener, Scott

07/12/2023

SB 253

COMMENTS (continued)

The Department of Finance is opposed to this bill because it results in new General Fund and special fund costs, which are not included in the current spending plan.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code	
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2023-2024	FC	2024-2025	FC	2025-2026	
3900/Air Res Bd	SO	No	C	3,000	C	3,000	C	2,000	0001
3900/Air Res Bd	SO	No	C	0	C	4,700	C	5,000	0499
4129200/Other Regu	SO	No	U	0	U	4,700	U	5,000	0499
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
0499	Pending New Special Funds								