September 11, 2025

Rajinder Sahota, Deputy Executive Officer
California Air Resources Board
1001 I St.
Sacramento, CA 95814

RE: Public Comments to August 21, 2025 Climate Disclosure Workshop

Ms. Sahota,

The undersigned organizations represent multiple trade organizations in the transportation, goods movement and supply chain industries. These industries include companies who will be both directly regulated by California's Corporate Greenhouse Gas Reporting and Climate Related Financial Risk Disclosure regulations and thousands of smaller businesses who will incur significant administrative costs as suppliers within regulated entities Scope 3 reports.

1. CARB should set reporting deadlines based on companies' respective fiscal year end

CARB currently proposes to require regulated entities to report on their prior fiscal year by June 30, 2026. We urge CARB to adjust the date as entities need more time to compile the necessary data, review the data, draft a report, and go through the assurance and verification process. As you know, end dates of fiscal years vary by enterprise. Due to these variances, a company with a calendar year fiscal which ends on December 31, 2025 would have only six months while others with a different fiscal year would have the benefit of more time to comply. Setting an arbitrarily tight deadline for submission will result in poorer

quality data and create additional administrative burdens as this will necessitate corrections and updates. Additionally, if CARB intends to allow regulated entities to use existing reports to avoid duplication, administrative burdens, and additional coasts, such entities need sufficient time to complete reporting.

For these reasons, we strongly recommend that CARB consider requiring submissions within one year of the close of the reporting entity's fiscal year.

2. Administrative costs imposed on both reporting and non-reporting entities should be analyzed in CARB's Standard Regulatory Impact Assessment

Pursuant to California Government Code 116346.3, CARB is required to perform a Standard Regulatory Impact Assessment for any major regulations exceeding $50 million in estimated costs. Similar climate risk disclosure regulations proposed by the U.S. Securities and Exchange Commission (SEC) were estimated to cost more than $6 billion[1], which would easily cross the major regulations threshold pursuant to California law. CARB's rule will likely, in fact, be more expensive than the proposed SEC rules due to the inclusion of both publicly traded and privately held companies.

In addition to the proposed annual fee structure required for entities to comply with both S.B. 253 and S.B. 261, CARB's proposed standards for assurance reporting on GHG emissions will require companies to engage third-party assurance providers to initially confirm compliance with Scope 1 and Scope 2 emissions reporting requirements and later to confirm Scope 3 compliance as well. The cost of such assurance reviews could easily reach six-figures, and could rapidly increase if reasonable assurance is required over limited assurance. CARB should be aware of and take the costs of compliance into account when setting assurance requirements for GHG reporting and analyzing the impact of such costs under the SRIA.

Additionally, the inclusion of Scope 3 emissions means the regulations will impose administrative costs on thousands of businesses whose revenues do not exceed $1 billion but act as suppliers or vendors for regulated entities. Costs to non-regulated entities who, nonetheless, will incur administrative costs to provide primary data, supplier-specific data to regulated entities must be analyzed.

3. Definition of "doing business in California" should not be based on Revenue and Taxation Code 23101

[1] https://www.sec.gov/comments/s7-10-22/s71022-20132304-302836.pdf

CARB currently proposes to use Revenue and Taxation Code section 23101 as the basis for triggering compliance obligations under the rule. This would capture companies whose California presence is minimal simply because they meet California's low tax nexus thresholds.

CARB should, instead, adopt a definition of "does business in California" that requires, at a minimum, a significant amount of business in the State. Any alternative metric utilized should be based on information which is readily available, clear to reporting entities and made available for public comment in advance of the definition being set.

4. CARB should avoid setting materiality thresholds for Scope 3 emissions

The complexities and inherent uncertainty of calculating Scope 3 emissions is well understood. This is reflected in the GHG Protocol's Corporate Value Chain (Scope 3) Accounting Reporting Standards both in the acknowledgement that reporting entities may need to rely on secondary data due to the inherent difficulty in obtaining primary data and the iterative process[2] of determining quantitative materiality between the assurer and reporting entity.

Furthermore, determining what constitutes information material to reasonable investors may fall outside of CARB's regulatory authority given SEC's occupation of the field.

For these reasons, CARB should avoid setting regulatory materiality thresholds.

5. CARB should follow established GHG accounting protocols and avoid creating new or conflicting standards and requirements

Generally, CARB should accept reporting which adheres to existing standards such as the GHG Protocol and should avoid creating additional steps for regulated entities who, in most cases, are compiling reports at a national or international level.

Thank you for the opportunity to comment. If you have any questions on issues raised in this letter, please contact Chris Shimoda at chris@shimodagov.com

Thank you.

American Trucking Associations
California Trucking Association
Harbor Trucking Association

---

[2] "The assurer and reporting company should determine an appropriate threshold or benchmark of materiality during the assurance process." https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporing-Standard_041613_2.pdf

International Warehouse Logistics Association
NAIOP Socal Chapter
National Home Delivery Association
Pacific Merchant Shipping Association
Supply Chain Federation
Truck Renting and Leasing Association
Western States Trucking Association