California Climate Legislation: 2026 Landscape, Timelines & Expectations

March 2026

In 2023, several climate-related bills were signed into law in California. These bills were the first pieces of legislation in the United States to mandate climate-related disclosures. In 2026, these laws are expected to come into full force, making it important to better understand how to unpack these compliance expectations.

INDUSTRY ALERT

This update provides a high-level overview of the California Senate Bills including scope, upcoming deadlines, program expectations, and enforcement status.

KEY TIMELINES

CALIFORNIA — SB 253 (Climate Corporate Data Accountability Act)

Scope:
- Conducts business or generates sales in California
- Has $1B+ in consolidated annual revenue

Obligations: Businesses that meet the reporting thresholds need to report their Scope 1, 2, and 3 emissions in alignment with the Greenhouse Gas Protocol both publicly and to the California Air Resources Board (CARB) on an annual basis. Third-party verification will eventually be required on the emissions data. Noncompliance can result in penalties up to $500,000 per year.

Timeline:
- August 10, 2026 — Covered entities are expected to report Scope 1 and 2 emissions both to CARB and publicly.
- September 10, 2026 – CARB issues fee determination notices
- 2027 and Beyond — CARB will expect third party limited assurance and reporting on Scope 3 emissions, pending rulemaking.

Legal Status: As of March 2026, the law is still in force despite pending litigation before the U.S. Court of Appeals for the 9th Circuit.

CALIFORNIA — SB 261 (Climate-Related Financial Risk Act)

Scope:
- Conducts business or generates sales in California

- Has $500M+ in consolidated annual revenue

Obligations: Businesses that meet the reporting thresholds are required to biennially report on their climate-related financial risks, in alignment with the Task Force on Climate-Related Financial Disclosures (TCFD), both publicly and to CARB. Reports are expected to be further refined in subsequent disclosure cycles, using clearly defined risk methodologies. Noncompliance can result in penalties up to $50,000 per year.

Timeline:
- January 1, 2026 — Covered entities were initially expected to report TCFD risk statement both to CARB and publicly but are now only voluntarily doing so.
- January 1, 2028 – Biennial TCFD reporting required, pending litigation.

Legal Status: As of March 2026, CARB is not enforcing the rule due to an injunction prohibiting enforcement from the U.S. Court of Appeals for the 9th Circuit. The court has not yet issued a final decision. A more detailed timeline can be found here.

KEY TAKEAWAYS FOR INDUSTRY

- Investing in automated data collection and measurement of emissions will increase accuracy and streamline reporting requirements.
- Securing third-party assurance proactively will be critical to ensure timely compliance, as availability may dwindle and costs may rise.
- Aligning reporting frameworks with other regulations, like the European Union's Corporate Sustainability Reporting Directive, to avoid duplication and improve efficiency.
- Monitoring the status of legal challenges and other states such as New York, Colorado, New Jersey, and Illinois that are proposing similar regulations.

Read more on SB 253 and SB 261 here.