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Lawsuit Against California Climate Laws
Highlights Fragmented Regulatory Environment

Several business groups including the U.S. Chamber of Commerce, the California Chamber of Commerce and the American Farm Bureau Federation have filed a [lawsuit](#) seeking to overturn two climate disclosure laws—[SB 253](#) and [261](#)—adopted by California last year.

SB 253 and SB 261, respectively, mandate Scopes 1, 2 and 3 GHG emissions disclosures and climate-related financial disclosures for companies doing business in California whose annual revenues exceed a certain threshold. The plaintiffs contend the laws violate the First Amendment and are pre-empted by the Clean Air Act. Notably, both bills were not funded in the most recent California budget. [AB 1305](#), a separate California law which targets emissions greenwashing, is not part of the lawsuit.

In the absence of a unified national climate strategy, businesses continue to face a growing patchwork of rules and regulations on climate and sustainability matters. At the state level, [New York](#) and [Washington State](#) are also considering mandatory GHG emissions disclosures, while [Colorado](#) and [Minnesota](#) have introduced new laws focused on the disclosure of climate-related risks. At the federal level, the Federal Acquisition Regulatory Council has proposed [rules](#) to require emissions and climate-related risk disclosures for certain government contractors, while the Environmental Protection Agency has proposed new [rules](#) and penalties targeting methane emissions. Globally, the European Union and the International Sustainability Standards Board have also continued to update and release new disclosure standards applicable to U.S. companies.

The latest lawsuit is a reminder of the ongoing evolution and divergence of perspectives on climate and sustainability reporting and regulation. Notwithstanding the significant strides that have been made in consolidating voluntary reporting standards, the regulatory landscape remains complex and highly fragmented.

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