



A 2022 United Nations (UN) report titled “Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities, and Regions” notes that, in order to meet global climate goals, “non-state actors cannot buy cheap credits that often lack integrity instead of immediately cutting their own emissions across their value chain.” The UN recommends regulators increase corporate “assurance on their net zero pledges and mandatory annual progress reporting.” Furthermore, the report notes that accurate reporting of offsets helps regulators and industry identify the most promising projects and the most innovative means of deploying carbon offset projects to the market.

Seeking to increase transparency and accountability in the carbon offset markets, AB 1305 (a) requires a business entity that is marketing or selling voluntary carbon offsets within the state to disclose on the entity’s website specified information, and (b) subjects violators to specified civil penalties.

According to the Assembly Natural Resources Committee analysis of this bill, this bill clarifies the author’s intent of AB 1305. First, the bill clarifies that RECs and LCFS credits, which have similarities to carbon offsets, but are not commonly regarded as carbon offsets, are not carbon offsets for purposes of AB 1305’s disclosure requirements. Second, the bill adds an initial compliance date of January 1, 2025. AB 1305 did not specify the date on which the first set of disclosures must be posted to a company’s website, which has created uncertainty among entities subject to disclosure.

**Analysis Prepared by:** Nikita Koraddi / APPR. / (916) 319-2081