

## ASSEMBLY THIRD READING

AB 2331 (Gabriel)

As Amended March 21, 2024

Majority vote

**SUMMARY**

Amends AB 1305 (Gabriel), Chapter 365, Statutes of 2023, to clarify that a voluntary carbon offset does not include a renewable energy certificate (REC) or a low carbon fuel standard (LCFS) credit, as specified. Requires offset disclosures required by AB 1305 to be posted January 1, 2025 and updated annually.

**Major Provisions**

Clarifies, for purposes of AB 1305's disclosure requirements, that a voluntary carbon offset does not include a REC or a LCFS credit. Requires offset disclosures to be posted first by January 1, 2025 and updated annually thereafter.

**COMMENTS**

Individuals and corporations purchase carbon offsets to compensate for the greenhouse gas (GHG) emissions they create or contribute to. As more people purchase these reductions to compensate for their carbon footprint, questions arise as to what is being done to ensure that they are purchasing genuine carbon offsets. There is growing concern about the validity of emission reductions from projects sold and the potential for fraud. Despite the growth of the voluntary offset market in supporting advertising claims and even legal requirements, such as mitigation of GHG emissions under the California Environmental Quality Act, the market remains fairly opaque, and is not regulated by the Air Resources Board (ARB) or any other state entity.

AB 1305 requires disclosure of specified information by sellers and buyers of voluntary carbon offsets, and subjects violators to a civil penalty up to \$2,500 per day for each violation. 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 the bill'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 Internet website, which created uncertainty among entities subject to disclosure. This bill confirms the author's intent on this point, consistent with his January 3, 2024 letter to the Assembly Chief Clerk.

Several parties have sought additional clarifications, filing "support if amended" or comment letters. The author has indicated he will consider and work on these additional clarifications.

**According to the Author**

[This bill] will improve California's ability to crack down on corporate greenwashing and junk voluntary carbon offset credits by providing clarity around implementation and enforcement of existing law. These changes will help further ensure that voluntary offset projects are not over-credited and that consumers know exactly what they are purchasing.

**Arguments in Support**

According to California Environmental Voters, [this bill] makes technical and clarifying changes to the provisions of AB 1305, providing increased clarity for entities seeking to engage with the

voluntary carbon offset market or make claims regarding significant reductions in carbon emissions. These changes include specifying the date entities must publish their first disclosure to be January 1, 2025, and ensuring unintended energy and climate products are not within scope. Just as with the initial passage of AB 1305, these actions will further ensure that projects are not over-credited and consumers can know what they are purchasing and the accuracy of the claims being advertised to them.

**Arguments in Opposition**

None received.

**FISCAL COMMENTS**

According to the Assembly Appropriations Committee, minor and absorbable state costs.

**VOTES****ASM NATURAL RESOURCES: 10-0-1**

**YES:** Bryan, Flora, Bauer-Kahan, Friedman, Hoover, Kalra, Muratsuchi, Pellerin, Wicks, Wood  
**ABS, ABST OR NV:** Mathis

**ASM APPROPRIATIONS: 14-0-1**

**YES:** Wicks, Sanchez, Arambula, Bryan, Calderon, Wendy Carrillo, Dixon, Mike Fong, Grayson, Haney, Hart, Pellerin, Ta, Villapudua  
**ABS, ABST OR NV:** Jim Patterson

**UPDATED**

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