

## CONCURRENCE IN SENATE AMENDMENTS

AB 2331 (Gabriel)

As Amended August 23, 2024

Majority vote

**SUMMARY**

Amends AB 1305 (Gabriel), Chapter 365, Statutes of 2023, to update disclosure requirements for voluntary carbon offsets and provide that disclosure requirements apply beginning July 1, 2025.

**Senate Amendments**

- 1) Move the effective date from January 1, 2025 to July 1, 2025.
- 2) Revise and clarify disclosure requirements, and add the following details:
  - a) Project identification number, if applicable.
  - b) Project name as listed in the registry or program, if applicable.
- 3) Permit business entities to satisfy disclosure requirements by directing buyers to the disclosure made by the entity who generated the offset or a registry, as applicable.
- 4) Revise definitions, including striking the explicit exclusion of a renewable energy certificate (REC) or a low carbon fuel standard (LCFS) credit.

**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 required disclosure of specified information by sellers and buyers of voluntary carbon offsets, and subjected violators to a civil penalty up to \$2,500 per day for each violation. This bill updates and clarifies the disclosure requirements of AB 1305 and delays the effective date to July 1, 2025.

**According to the Author**

AB 2331 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 would provide needed clarification for buyers and sellers of voluntary carbon offset credits and those making emission reduction claims seeking to comply with AB 1305.

**Arguments in Opposition**

None received.

**FISCAL COMMENTS**

According to the Senate Appropriations Committee, unknown but likely minor and absorbable costs for the ARB. The author's amendments would clarify that a "voluntary carbon offset" does not include a registry offset credit that is under review for conversion to a compliance-based credit. ARB previously identified costs for the prior version of this bill to the extent that the number of voluntary offset credits converted into ARB early-action offset credits were reduced as a result. These amendments exclude early-action offsets as specified, and thereby the number converted should be unaffected, eliminating these ARB 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

**ASSEMBLY FLOOR: 67-1-12**

**YES:** Addis, Aguiar-Curry, Alanis, Alvarez, Arambula, Bains, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Juan Carrillo, Wendy Carrillo, Cervantes, Chen, Connolly, Davies, Dixon, Flora, Mike Fong, Friedman, Gabriel, Garcia, Gipson, Haney, Hart, Holden, Hoover, Irwin, Jones-Sawyer, Lee, Low, Lowenthal, Maienschein, McCarty, McKinnor, Muratsuchi, Stephanie Nguyen, Ortega, Pacheco, Papan, Pellerin, Petrie-Norris, Ramos, Rendon, Reyes, Luz Rivas, Rodriguez, Blanca Rubio, Sanchez, Santiago, Schiavo, Soria, Ta, Ting, Valencia, Villapudua, Waldron, Wallis, Ward, Weber, Wicks, Wilson, Wood, Zbur, Robert Rivas  
**NO:** Essayli  
**ABS, ABST OR NV:** Bauer-Kahan, Megan Dahle, Vince Fong, Gallagher, Grayson, Jackson, Kalra, Lackey, Mathis, Jim Patterson, Joe Patterson, Quirk-Silva

**SENATE FLOOR: 39-0-1**

**YES:** Allen, Archuleta, Ashby, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dahle, Dodd, Durazo, Eggman, Glazer, Gonzalez, Grove, Hurtado, Jones, Laird, Limón, McGuire, Menjivar, Min, Newman, Nguyen, Niello, Ochoa Bogh, Padilla, Portantino, Roth, Rubio, Seyarto, Skinner, Smallwood-Cuevas, Stern, Umberg, Wahab, Wiener, Wilk  
**ABS, ABST OR NV:** Alvarado-Gil

**UPDATED**

VERSION: August 23, 2024

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