

California Climate Disclosure Laws: In Victory for State, Federal Court Denies Business Groups' Motion for Preliminary Injunction

Posted in: California Climate Disclosure Laws, Litigation

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On August 13, 2025, Judge Otis D. Wright II of the U.S. District Court for the Central District of California **denied** a motion filed by a coalition of business groups to preliminarily enjoin the implementation and enforcement of both of California's corporate climate reporting laws during the pendency of ongoing litigation. The business groups, which include the U.S. and California Chambers of Commerce, are challenging the laws on First Amendment grounds.

The court concluded that (i) the plaintiff-business groups “have not shown a likelihood of success on the merits with respect to either of [their] facial First Amendment challenges to SBs 253 and 261”; (ii) the challengers have not shown they are likely to suffer irreparable harm absent an injunction; and (iii) the balance of equities favors denial of the plaintiffs’ motion “because enjoining SBs 253 and 261 would delay the State from advancing the public interests for which it adopted the laws.”

As a result, absent further developments, **both laws — SB-253 (annual GHG emissions disclosure) and SB-261 (biennial climate-related financial risk disclosure) — will continue to remain in effect while the litigation proceeds.**

Initial compliance deadlines are rapidly approaching. SB-261 requires companies to post their first climate-related financial risk report to their website by January 1,

2026, and SB-253 requires companies to report Scopes 1 and 2 emissions (including limited assurance over those metrics) beginning in 2026, covering fiscal 2025 information, and Scope 3 emissions in 2027, covering fiscal 2026 information. For a detailed overview of the laws, see our prior [client alert](#), which includes a tabular summary of the laws' key provisions.

In opposing the motion, the state had asked the court to revisit its earlier conclusion that the First Amendment applies to the laws because the laws' primary effect and purpose is to compel speech. In contrast, the state had argued that the laws escape First Amendment scrutiny because they are "part of a broader regulatory apparatus" and "require a type of speech — disclosure of commercial data and financial risks — that has not traditionally garnered constitutional concern." In today's order, the court notably declined to alter its prior conclusion that the laws are subject to First Amendment review, citing previous case law that "the forced disclosure of information, even purely commercial information, triggers First Amendment scrutiny."

The court also found that (i) the laws regulate commercial speech and (ii) SB-261 is subject to intermediate scrutiny because the law concerns non-factual disclosures, while SB-253's requirement that companies disclose data about Scopes 1, 2 and 3 emissions is "factual and uncontroversial" and therefore qualifies for the lower-level *Zauderer* review.

As a reminder, the California Air Resources Board (CARB) has said it intends to publish draft implementing regulations by the end of the year (no specific date has been provided), and CARB will hold its next virtual public workshop to support the development and implementation of the laws on **Thursday, August 21** (see the [media advisory](#) for more information including webinar registration details).

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