

# Opposition to SB 1036 (Limon) – Joint Letter

The 60+ undersigned businesses, coalitions, non-profits and independent registries have come together to voice strong **opposition to Senate Bill 1036**, the *Voluntary Carbon Offsets: Business Regulation* Act. Our organizations share unwavering support for high-integrity voluntary carbon markets and recognize the vital role they play in tackling climate change while channeling climate finance. However, we respectfully ask you to **oppose SB 1036** (Limon) for the following reasons:

**SB 1036 contradicts established science of greenhouse gases (GHGs) and the basic assumptions of California’s GHG reporting rules.** SB 1036 includes erroneous assumptions regarding the physical equivalence of CO2 emissions, which contradict accepted global practices outlined by the United Nations Intergovernmental Panel on Climate Change<sup>1</sup> (IPCC) and California’s own GHG inventory<sup>2</sup>.

**SB 1036 would stifle private investment necessary to achieve California’s natural and working lands goals.** California’s Nature-Based Climate Solutions Targets, which represent a significant priority for achieving the state’s 2045 carbon neutrality goals, explicitly require “high-levels of investment from many partners, including...private landowners and managers...development companies...investors and more.”<sup>3</sup>

**SB 1036 increases the cost of climate action with its \$1.7 million annual price tag**, in addition to “unknown but potentially significant ongoing costs (General Fund) for the Attorney General.”<sup>4</sup> California cannot afford to cut off private investment in climate while also slashing public expenditures, let alone incur new ongoing costs.

**SB 1036 is redundant and will create confusion among market participants where it conflicts with existing California statute and federal guidance.** Legislation passed last year (AB 1305) already imposes disclosure requirements for voluntary carbon market participants within California. These existing disclosure requirements, along with efforts from organizations like the ICVCM<sup>5</sup>, the VCMi<sup>6</sup>, and the Biden Administration’s “Principles for Responsible Participation in the (VCMs)”<sup>7</sup> address the bulk of concerns that SB 1036 purports to solve. SB 1036 attempts to assert a blunt definition of high quality that fails to appreciate the nuance that processes like ICVCM are taking the time to assess.

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<sup>1</sup> SB 1036 wrongly positions reductions in non-GHGs, including short lived pollutants such as methane, to be less impactful than GHG emissions, contradicting accepted global value in reducing all sources of GHG emissions. The bill also runs counter to related California subnational leadership on methane and beyond.

<sup>2</sup> Rather than the arbitrary 1000-year period proposed by SB 1036 – which contradicts accepted science – the state’s inventory uses IPCC’s Global Warming Potentials (GWPs). See more at <https://www.epa.gov/climate-indicators/greenhouse-gases>, <https://www.ipcc.ch/report/ar6/wg1/>

<sup>3</sup> <https://resources.ca.gov/-/media/CNRA-Website/Files/Initiatives/Expanding-Nature-Based-Solutions/Californias-NBS-Climate-Targets-2024.pdf>

<sup>4</sup> [https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill\\_id=202320240SB1036#](https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202320240SB1036#)

<sup>5</sup> Integrity Council for the Voluntary Carbon Market (ICVCM) <https://icvcm.org>

<sup>6</sup> Voluntary Carbon Markets Integrity Initiative (VCMi) <https://vcmintegrity.org>

<sup>7</sup> US “Voluntary Carbon Markets Joint Policy Statement” and “Principles for Responsible Participation in Voluntary Carbon Markets” (May 2024) <https://www.whitehouse.gov/wp-content/uploads/2024/05/VCM-Joint-Policy-Statement-and-Principles.pdf>

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**SB 1036 is fundamentally not a disclosure bill. It is a penalty for action through climate markets.**

SB 1036 would establish a legal liability for market actors who are already subject to disclosure requirements under AB 1305. This includes, but is not limited to, nonprofit registries, environmental organizations, accounting firms, law firms, tribal governments, other types of project developers and independent verifiers. To be clear, California needs good climate-related financial disclosure obligations and a strong taxonomy for positive climate investments. SB 1036 is the antithesis of those goals.

**SB 1036 would strain California's overburdened court system with baseless political claims.**

At a time when delays and backlogs are already an issue across California courts, the immense resources (e.g., technical expertise, market expertise) that courts would need to procure to adequately assess issues of quality in carbon markets could result in misguided and conflicting rulings, resulting in market uncertainty and confusion while freezing climate action and investments.

**SB 1036 harms the climate ambition of California's successful compliance cap-and-trade program.**

Given that many voluntary market actors also operate in California's compliance program, SB 1036 could reduce willingness to participate in the program while potentially harming the California Air Resources Board (CARB)'s ability to implement its programs. The latest SB 1036 amendments – which expressly exclude existing compliance instruments from the voluntary carbon credit definition – do not go far enough to avoid potential adverse impacts to California's compliance cap-and-trade program, which relies on the existence of registry offset credits prior to their transition from voluntary to the compliance program.

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Respectfully signed on behalf of the below 60+ businesses, coalitions, non-profits and independent registries who strongly urge you to oppose SB 1036.

3Degrees Group Inc.

A-Gas

American Carbon Registry (ACR)

Agoro Carbon Alliance US, Inc.

Agreena

ALLCOT

American Forest Foundation

Anew Climate, LLC

AQC Environmental Brokerage Services, Inc.

Aurora Sustainable Lands LLC

Blue Delta Energy, LLC

Bonneville Environmental Foundation

California Forest Carbon Coalition (CFCC)

Carbon Streaming Corporation

Carbonplace

Cercarbono

Clean Air Trade, Inc.

Climate Action Reserve (CAR)

Climate Impact Partners

Climeco

Conservation International

Cool Effect

Coöperatieve Rabobank U.A.

Dogwood Springs Forestry, LLC

EcoRegistry

Ecosecurities Group Limited

Ecosystem Restoration Standard

EKI Energy Services Limited

Environmental Markets Association (EMA)

Everland LLC

Finite Carbon Corporation

FORLIANCE GmbH

Gordian Knot Strategies, LLC

Green Star Royalties, Ltd.

GreenAssets

Grupo BMV (Mexican Stock Exchange)

Imperative Global Services, Inc.

Incubex

Indigo Ag

Inlandsis Fund

Integrity Global Partners, Inc.

ICROA

International Emissions Trading Association (IETA)

Manulife Investment Management Holdings

MEXICO2

Native

NativState LLC

NativState Pacifica, LLC

NEL-i inc

Pachama, Inc.

Patch Technologies Inc

Philip Lee LLP

Pollination Capital Partners, LLC

Resilient LLP

Respira International Ltd

Sol Systems, LLC

South Pole

Terra Global Capital, LLC

The Climate Change Project

The Climate Registry

The Climate Trust

Tradewater, LLC

Verra

Wildlife Works Carbon LLC