

ADVISORY

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Legislative Intent Supports a Year's Reprieve from California's Voluntary Carbon Market Disclosure Act

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A recent letter from a California assemblyman muddies the water on when companies need to comply with the state's Voluntary Carbon Market Disclosures Act (VCMDA). The VCMDA took effect on January 1, 2024. It requires companies operating in California to disclose certain information on their websites if they make net zero, carbon neutral, or significant emission reduction claims.

Assemblyman Gabriel's Letter

Despite the VCMDA's effective date, Assemblyman Jesse Gabriel, the author of the VCMDA, published a letter dated January 3, 2024 in the Assembly's *Daily Journal* on January 22, 2024, clarifying that it was his intent that VCMDA disclosures be required by January 1, 2025, not January 1, 2024. In clarifying his intended 2025 deadline, Gabriel stated that he wanted to allow companies "sufficient time to align their business practices with the stated objectives" in the VCMDA before subjecting companies to civil penalties. As companies endeavored in good faith to gather information for the required disclosure—and align their business practices in support—Gabriel's letter provides welcome relief.

What Does the Letter Mean?

Gabriel's letter should reduce enforcement risks for companies subject to the VCMDA. Once published in the Assembly *Daily Journal*, it serves as evidence of legislative intent. In other words, by publishing Gabriel's letter in the Assembly *Daily Journal*, it becomes a "reiteration of legislative discussion," which California courts will use to determine whether to apply civil penalties for VCMDA compliance. Therefore, we expect courts to decline to enforce VCMDA disclosures until 2025.

For more information on the VCMDA and other recent California climate disclosure laws, see our [previous advisory](#).

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