

California SB 261: Ninth Circuit Grants Motion for Injunction Pending Appeal

November 19, 2025

On November 18, 2025, the U.S. Court of Appeals for the Ninth Circuit issued an order in *U.S. Chamber of Commerce v. Randolph* granting an injunction against enforcement of California's Climate-Related Financial Risk Act (SB 261). SB 261 requires companies "doing business in California" with over \$500 million in revenue to publicly disclose their climate-related financial risks in a biennial report. Under the statute, the first reports are due on January 1, 2026.

Background of the Litigation. In January 2024, a coalition of business groups—including the U.S. Chamber of Commerce, the California Chamber of Commerce, and the American Farm Bureau Federation—filed suit in the U.S. District Court for the Central District of California against the California Air Resources Board (CARB) challenging SB 261 and the Climate Corporate Data Accountability Act (SB 253). The plaintiffs asserted multiple constitutional and statutory claims, including arguments based on the First Amendment, federal preemption, and extraterritoriality. The Supremacy Clause and extraterritoriality claims were dismissed early in the proceedings. Subsequently, the business groups sought a preliminary injunction to block enforcement of SB 253 and SB 261 on First Amendment grounds, which was denied.

Injunction of SB 261. On September 15, 2025, the plaintiffs filed a motion in the U.S. Court of Appeals for the Ninth Circuit seeking an injunction prohibiting enforcement of SB 261 and SB 253 pending resolution of the appeal of the district court's preliminary injunction denial. On November 18, 2025, the Ninth Circuit granted the plaintiffs' motion as to SB 261 but not as to SB 253. As a result, companies are not required to comply with SB 261 unless and until the injunction is amended or lifted, but will need to comply with greenhouse gas emissions reporting requirements under SB 253. The hearing on the appeal is scheduled for January 9, 2026. Prior to the issuance of the Ninth Circuit's order, the plaintiffs also filed an emergency application for injunctive relief with the United States Supreme Court. The plaintiffs withdrew the application following the Ninth Circuit's order.

The timing of the Ninth Circuit's order was notable—it was issued during CARB's third public workshop in an ongoing series aimed at developing implementing regulations for

SB 261 and SB 253. During the workshop, CARB announced an August 10, 2026 deadline for reporting of Scope 1 and 2 emissions data under SB 253, and this deadline will remain in effect pending further ruling on the enforceability of SB 253.

The scope of the injunction, and what it means for companies who aren't party to the litigation, is unclear. However, entities preparing to report under SB 261 should continue to plan for compliance. Although the January 1, 2026 deadline is no longer in effect as a result of the injunction, it is possible that the court could render a decision on the appeal against the plaintiffs early in the new year, and subsequently lift the injunction. If that occurs, companies may need to comply with SB 261 shortly thereafter. We will continue to monitor these and related developments and will provide future updates.

Author's Note: On December 1, 2025, CARB issued an enforcement advisory clarifying the impact of the injunction. CARB stated that it will not enforce SB 261 against companies that do not meet the January 1, 2026 reporting deadline and that it will provide further information—including an alternate reporting deadline if warranted—after the appeal is resolved. Covered entities may voluntarily submit their SB 261 reports through CARB's [public docket](#), which is now open.



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