Ninth Circuit Decision Partially Blocks California Climate Disclosure Laws

November 10, 2026

On November 9, 2026, the U.S. Court of Appeals for the Ninth Circuit issued a decision in *Chamber of Commerce of the United States of America v. Sanchez*, reversing in part a district court order denying a preliminary injunction against California's corporate climate disclosure laws. The decision leaves in place the reporting deadline for Scopes 1 and 2 greenhouse gas emissions under SB 253, which are due today, November 10, 2026.

SB 253 Scope 1 and Scope 2 Disclosures. The court affirmed the district court's denial of a preliminary injunction as to SB 253's Scope 1 and Scope 2 disclosure requirements. The court held that SB 253's Scope 1 and Scope 2 disclosures regulate commercial speech because they compel disclosure of factual information on emissions generated through the reporting entities' own operations and bear on capital transactions. Applying intermediate scrutiny, the court concluded that, for purposes of preliminary injunctive relief, California had sufficiently demonstrated that the disclosure requirements advance substantial state interests and are no more extensive than necessary.

SB 253 Scope 3 Disclosures. The court reversed the district court's denial of a preliminary injunction as to SB 253's Scope 3 disclosure requirements and remanded for the district court to determine whether the Scope 3 provisions are severable from the rest of SB 253. The court held that because SB 253's Scope 3 disclosure requirements concern third-party conduct in the value chain, they are insufficiently connected to the reporting entity's own operations and capital transactions to qualify as commercial speech. Applying strict scrutiny, the court concluded that the Scope 3 requirement is likely unconstitutional.

SB 261 Disclosures. The court also reversed the district court's denial of a preliminary injunction as to SB 261, holding that SB 261 compels noncommercial speech by requiring covered entities to disclose, among other information, subjective ideological assessments. Applying strict scrutiny, the court determined that the requirements of SB 261 were not sufficiently narrowly tailored to California's asserted interests and that preliminary injunctive relief was warranted. The Ninth Circuit previously enjoined

enforcement of SB 261 pending appeal. As such, the Ninth Circuit's decision maintains the status quo for SB 261.

Next Steps. Companies planning to submit Scope 1 and Scope 2 GHG emissions data to the California Air Resources Board ("CARB") by November 10, 2026 should continue to do so, taking into account CARB's first-year reporting guidance. The future of mandatory Scope 3 reporting and SB 261's climate-related financial risk disclosures remains subject to further judicial proceedings, including the district court's consideration of whether the Scope 3 provisions are severable from the rest of SB 253.



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