

SENATE, No. 4117

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 3, 2025

Sponsored by:

Senator BOB SMITH

District 17 (Middlesex and Somerset)

Senator JOHN F. MCKEON

District 27 (Essex and Passaic)

Co-Sponsored by:

Senator Greenstein

SYNOPSIS

"Climate Corporate Data Accountability Act"; requires certain business entities to publicize annual greenhouse gas emissions data.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/3/2025)

1 AN ACT concerning greenhouse gas emissions and supplementing
2 Title 26 of the Revised Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. This act shall be known and may be cited as the "Climate
8 Corporate Data Accountability Act."

9

10 2. The Legislature finds and declares that:

11 a. New Jersey has demonstrated leadership in the battle against
12 climate change and the climate actions of the State have inspired
13 and contributed to bold actions in other states and across the globe.

14 b. New Jerseyans are already facing devastating wildfires, sea
15 level rise, excessive rainfall, and other impacts associated with
16 climate change that threaten the health and safety of New Jerseyans,
17 undermines the sustainability of our communities, particularly those
18 communities most affected by the negative effects of climate
19 change, and the economic well-being of the State and its residents,
20 including threatening many of the State's largest industries.

21 c. Climate change also poses a significant risk to companies'
22 long-term economic success and disrupts the value chains on which
23 they rely. Managing these risks requires investments in
24 decarbonization strategies that lead to emissions reductions and
25 provide economic benefits for New Jerseyans and the State
26 economy.

27 d. New Jersey has doubled its real gross domestic product
28 growth rate since 2018, is on track to be the 31st largest economy in
29 the world, and is a highly desirable market for the globe's most
30 profitable companies.

31 e. New Jersey investors, consumers, and other stakeholders
32 deserve transparency from companies regarding their greenhouse
33 gas emissions to inform their decision-making.

34 f. United States companies that have access to New Jersey's
35 tremendously valuable consumer market by virtue of exercising
36 their corporate franchise in the State also share responsibility for
37 disclosing their contributions to global greenhouse gas emissions.

38 g. Companies can increase the State's climate risk through
39 emissions activities that include, but are not limited to, company
40 operations, supply chain activities, employee and consumer
41 transportation, goods production and movement, construction, land
42 use, and natural resource extraction.

43 h. Accurate and comprehensive data that is subject to an
44 assurance engagement by an independent third-party assurance
45 provider is required to determine a company's direct and indirect
46 greenhouse gas emissions, also known as its carbon footprint, and
47 to effectively identify the sources of the emissions and develop
48 means to reduce the emissions.

1 i. The current approach for the disclosure of climate emissions
2 from public and private corporate enterprises relies largely on
3 voluntary reporting of greenhouse gas inventories, goals,
4 commitments, and agreements, and lacks the full transparency and
5 consistency needed by residents and financial markets to fully
6 understand these climate risks.

7 j. The people, communities, and other stakeholders in New
8 Jersey, facing the existential threat of climate change, have a right
9 to know about the sources of carbon pollution, as measured by the
10 comprehensive greenhouse gas emissions data of those companies
11 benefiting from doing business in the State, in order to make
12 informed decisions.

13 k. The Greenhouse Gas Protocol is the globally recognized
14 greenhouse gas emissions accounting and reporting standard
15 developed and updated by the World Resources Institute and the
16 World Business Council for Sustainable Development and provides
17 the framework for corporate greenhouse gas emissions accounting
18 and reporting. The framework defines and categorizes emissions as
19 scopes 1, 2, and 3 emissions. Many companies already partially or
20 fully disclose their emissions data.

21 l. Mandating annual, full-scope greenhouse gas emissions data
22 reporting to the emissions reporting organization for all United
23 States companies with total annual revenues in excess of \$1 billion
24 that do business in New Jersey, as well as ensuring public access to
25 the data in a manner that is easily understandable and accessible,
26 will inform investors, empower consumers, and activate companies
27 to improve risk management in order to move towards a net-zero
28 carbon economy and is a critical next step that New Jersey must
29 take to protect the State and its residents.

30

31 3. As used in this act:

32 "Assurance engagement" means a report, produced by an
33 assurance provider, which certifies the accuracy of a greenhouse
34 gas emissions report.

35 "Assurance provider" means an environmental consultant or
36 other entity with expertise and experience in measuring and
37 verifying scope 1, scope 2, and scope 3 emissions of reporting
38 entities or other, similar organizations.

39 "Department" means the Department of Environmental
40 Protection.

41 "Emissions reporting organization" means a nonprofit emissions
42 reporting organization contracted by the Department of
43 Environmental Protection pursuant to section 6 of this act that
44 currently operates a greenhouse gas emission reporting organization
45 for organizations operating in the United States, and has experience
46 with greenhouse gas emissions disclosure by entities operating in
47 New Jersey.

1 "Limited assurance level" means the degree of verification of
2 greenhouse gas emissions data that may reasonably be obtained by
3 an assurance provider using exclusively data that is provided by the
4 reporting entity.

5 "Reporting entity" means a partnership, corporation, limited
6 liability company, or other business entity formed under the laws of
7 this State, the laws of any other state of the United States or the
8 District of Columbia, or under an act of the Congress of the United
9 States, which has total annual revenues in excess of \$1 billion and
10 that does business in New Jersey.

11 "Reasonable assurance level" means the degree of verification of
12 greenhouse gas emissions data that may reasonably be obtained by
13 an assurance provider that validates data provided by a reporting
14 entity.

15 "Scope 1 emissions" means all direct greenhouse gas emissions
16 that stem from sources that a reporting entity owns or directly
17 controls, regardless of location, including, but not limited to, fuel
18 combustion activities.

19 "Scope 2 emissions" means indirect greenhouse gas emissions
20 from consumed electricity, steam, heating, or cooling purchased or
21 acquired by a reporting entity, regardless of location.

22 "Scope 3 emissions" means indirect upstream and downstream
23 greenhouse gas emissions, other than scope 2 emissions, from
24 sources that the reporting entity does not own or directly control
25 and may include, but are not limited to, purchased goods and
26 services, business travel, employee commutes, and processing and
27 use of sold products.

28

29 4. a. (1) Commencing three years after the effective date of this
30 act, a reporting entity shall annually disclose to the emissions
31 reporting organization and the department all of the reporting
32 entity's scope 1, scope 2, and scope 3 emissions for the prior fiscal
33 year.

34 (2) Commencing four years after the effective date of this act, a
35 disclosure of scope 1 or scope 2 emissions made pursuant to this
36 subsection shall include an assurance engagement performed by an
37 independent third-party assurance provider, which verifies the
38 accuracy of the reported emissions. The reporting entity shall
39 ensure that a copy of the complete assurance provider's report on
40 the greenhouse gas emissions inventory, including the name of the
41 third-party assurance provider, is provided to the emissions
42 reporting organization as part of or in connection with the reporting
43 entity's disclosure. The assurance engagement for scope 1
44 emissions and scope 2 emissions shall be performed at a limited
45 assurance level until eight years after the effective date of this act,
46 and at a reasonable assurance level thereafter.

47 (3) No later than four years after the effective date of this act,
48 the department shall review and evaluate trends in third-party

1 assurance requirements for scope 3 emissions. No later than five
2 years after the effective date of this act, the department may adopt,
3 in accordance with the "Administrative Procedure Act," P.L.1968,
4 c.410 (C.52:14B-1 et seq.), rules and regulations as necessary to
5 implement an assurance requirement for third-party assurance
6 engagements of scope 3 emissions, provided that the rules and
7 regulations require that the assurance engagements for scope 3
8 emissions be performed at a limited assurance level and commence
9 eight years after the effective date of this act.

10 b. Commencing four years after the effective date of this act,
11 and each year thereafter, a reporting entity shall publicly disclose
12 all of the reporting entity's scope 1 and scope 2 emissions for the
13 prior fiscal year.

14 c. Commencing five years after the effective date of this act, and
15 each year thereafter, a reporting entity shall publicly disclose all of
16 the reporting entity's scope 3 emissions no later than 180 days after
17 its scope 1 emissions and scope 2 emissions are publicly disclosed
18 to the emissions reporting organization for the prior fiscal year.

19 d. A partnership, corporation, limited liability company, or other
20 business entity shall annually calculate its revenue for the prior
21 fiscal year in order to determine if it qualifies as a reporting entity
22 pursuant to this act.

23 e. (1) Commencing four years after the effective date of this act,
24 a reporting entity shall measure and report its emissions of
25 greenhouse gases in conformance with the Greenhouse Gas
26 Protocol standards and guidance, including the Greenhouse Gas
27 Protocol Corporate Accounting and Reporting Standard and the
28 Greenhouse Gas Protocol Corporate Value Chain (Scope 3)
29 Accounting and Reporting Standard developed by the World
30 Resources Institute and the World Business Council for Sustainable
31 Development, and including guidance for scope 3 emissions
32 calculations that detail the acceptable uses of both primary and
33 secondary data sources, including the use of industry average data,
34 proxy data, and other generic data in scope 3 emissions
35 calculations.

36 (2) Commencing 10 years after the effective date of this act and
37 every five years thereafter, the department may survey and assess
38 currently available greenhouse gas accounting and reporting
39 standards. This assessment shall include consultation with
40 appropriate industry stakeholders. At the conclusion of this
41 assessment, the department may adopt, in accordance with the
42 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
43 seq.), rules and regulations as necessary to implement a globally
44 recognized alternative accounting and reporting standard if it
45 determines its use would more effectively further the goals of this
46 act.

47 f. No later than eight years after the effective date of this act, the
48 department shall update, as necessary, the public disclosure

1 deadlines established in subsection c. of this section to evaluate
2 trends in scope 3 emissions reporting and consider changes to the
3 disclosure deadlines to ensure that scope 3 emissions data is
4 disclosed to the emissions reporting organization as close in time as
5 practicable to the deadline for reporting entities to disclose scope 1
6 emissions and scope 2 emissions data. The public disclosure
7 deadlines shall consider industry stakeholder input and shall take
8 into account the timelines by which reporting entities typically
9 receive scope 1, scope 2, and scope 3 emissions data, as well as the
10 capacity for an independent assurance engagement to be performed
11 by a third-party assurance provider.

12 g. A reporting entity shall format a public disclosure made
13 pursuant to this section in such a way as to maximize access for
14 consumers, investors, and other stakeholders to comprehensive and
15 detailed greenhouse gas emissions data across scopes 1, 2, and 3
16 emission, and in a manner that is easily understandable and
17 accessible. A reporting entity's public disclosure shall include the
18 name of the reporting entity and any fictitious names, trade names,
19 assumed names, and logos used by the reporting entity.

20 h. Reporting entities that are required to report mandatory
21 industrial emissions pursuant to section 5 of P.L.2007, c.112
22 (C.26:2C-41) may provide that data with the disclosure required
23 pursuant to this section.

24 i. A reporting entity's disclosure shall take into account
25 acquisitions, divestments, mergers, and other structural changes that
26 can affect the greenhouse gas emissions reporting.

27 j. A third-party assurance provider utilized pursuant to this
28 section shall have significant experience in measuring, analyzing,
29 reporting, or attesting to the emission of greenhouse gases and
30 sufficient competence and capabilities necessary to perform
31 engagements in accordance with professional standards and
32 applicable legal and regulatory requirements. The assurance
33 provider shall be able to issue reports that are appropriate under the
34 circumstances and independent with respect to the reporting entity,
35 and any of the reporting entity's affiliates for which it is providing
36 the assurance report. No later than seven years after the effective
37 date of this act, the department shall review and, no later than eight
38 years after the effective date of this act, shall update as necessary,
39 by adopting rules and regulations pursuant to the "Administrative
40 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), the
41 qualifications for third-party assurance providers, based on an
42 evaluation of trends in education relating to the emission of
43 greenhouse gases and the qualifications of third-party assurance
44 providers.

45
46 5. A reporting entity, whenever it files a disclosure to the
47 department pursuant to subsection a. of section 4 of this act, shall
48 pay an annual fee to the department for the administration and

1 implementation of this section. The department shall set the fee in
2 an amount sufficient to cover the departments full costs of
3 administrating and implementing the provisions of this act. The
4 total amount of fees collected shall not exceed the department's
5 actual and reasonable costs to administer and implement this
6 section.

7
8 6. a. No later than two years after the effective date of this act,
9 the department shall contract with an emissions reporting
10 organization to develop a reporting program to receive and make
11 publicly available disclosures required by section 4 of this act.

12 b. The emissions reporting organization shall create a digital
13 platform, which shall be accessible to the public, that will feature
14 the emissions data of reporting entities and the report prepared for
15 the department pursuant to section 7 of this act. The digital
16 platform shall be capable of featuring individual reporting entity
17 disclosures, and shall allow consumers, investors, and other
18 stakeholders to view reported data elements aggregated in a variety
19 of ways, including multiyear data, in a manner that is easily
20 understandable and accessible to residents of the State. All data
21 sets and customized views shall be available in electronic format for
22 access and use by the public.

23 c. The emissions reporting organization shall make the reporting
24 entities' disclosures and the report available on the digital platform
25 no later than 30 days after receipt.

26
27 7. No later than five years after the effective date of this act, the
28 department shall contract with Rutgers, the State University of New
29 Jersey, or another equivalent academic institution in the State to
30 prepare a report on the public disclosures made by reporting entities
31 to the emissions reporting organization pursuant to section 4 of this
32 act and the regulations adopted by the department pursuant to
33 section 10 of this act. In preparing the report, consideration shall be
34 given to, at a minimum, greenhouse gas emissions from reporting
35 entities in the context of State greenhouse gas emissions reduction
36 and climate goals. The entity preparing the report shall not require
37 reporting entities to report any information beyond what is required
38 pursuant to the other provisions of this act.

39
40 8. Notwithstanding any provisions of this act to the contrary, a
41 copy of a report submitted to satisfy the requirements of the
42 California "Climate Corporate Data Accountability Act," California
43 Health and Safety Code s.38532, for the appropriate fiscal year,
44 may be utilized in order to comply with the provisions of this act.

45
46 9. If a reporting entity violates the provisions of this act or any
47 rule, regulation, or order promulgated or issued pursuant to the
48 provisions of this act, the department may institute a civil action in

1 a court of competent jurisdiction for injunctive or any other
2 appropriate relief to prohibit and prevent this violation and the court
3 may proceed in the action in a summary manner.

4 b. Any reporting entity who violates the provisions of this act or
5 any rule, regulation or order promulgated pursuant to this act is
6 liable to a civil administrative penalty of not more than \$10,000 for
7 the first offense, not more than \$20,000 for the second offense, and
8 up to \$50,000 for the third and each subsequent offense. If the
9 violation is of a continuing nature, each day during which it
10 continues subsequent to receipt of an order to cease the violation
11 constitutes an additional, separate and distinct offense. No civil
12 administrative penalty shall be levied except subsequent to the
13 notification of the violator by certified mail or personal service.
14 The notice shall include a reference to the section of the statute,
15 regulation, order or permit condition violated; a concise statement
16 of the facts alleged to constitute the violation; a statement of the
17 amount of the civil penalties to be imposed; and a statement of the
18 violator's right to a hearing. The violator shall have 20 days from
19 receipt of the notice within which to deliver to the commissioner a
20 written request for a hearing. Subsequent to the hearing and upon a
21 finding that a violation has occurred, the commissioner may issue a
22 final order, after assessing the amount of the fine specified in the
23 notice. If no hearing is requested, the notice shall become a final
24 order upon the expiration of the 20-day period. Payment of the
25 penalty is due when a final order is issued or when the notice
26 becomes a final order. The authority to levy a civil administrative
27 penalty is in addition to all other enforcement provisions in this act,
28 and the payment of a civil administrative penalty shall not be
29 deemed to affect the availability of any other enforcement provision
30 in connection with the violation for which the penalty is levied.

31 c. The department is authorized and empowered to compromise
32 and settle any claim for a penalty under this section in such amount
33 in the discretion of the department as may appear appropriate and
34 equitable under all of the circumstances, including the posting of a
35 performance bond by the violator.

36 d. Any reporting entity who violates this act or an administrative
37 order issued pursuant to subsection b. of this section or a court
38 order issued pursuant to subsection a. of this section or who fails to
39 pay a civil administrative penalty in full pursuant to subsection b. of
40 this section is subject, upon order of the court, to a civil penalty not
41 to exceed \$10,000 per day of the violation, and each day's
42 continuance of the violation constitutes a separate and distinct
43 violation. Any civil penalty imposed pursuant to this subsection
44 may be collected with costs in a summary proceeding pursuant to
45 the "Penalty Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-
46 10 et seq.), or may be collected in a civil action commenced by the
47 commissioner. In addition to any penalties, costs, or interest
48 charges, the Superior Court may assess against the violator the

1 amount of economic benefit accruing to the violator from the
2 violation.

3

4 10. a. The Department of Environmental Protection shall, in
5 accordance with the "Administrative Procedure Act," P.L.1968,
6 c.410 (C.52:14B-1 et seq.), adopt rules and regulations to
7 implement this act.

8 b. The rules and regulations shall:

9 (1) ensure that the emissions reporting required by this act is
10 structured in a way that minimizes duplication of effort and allows
11 a reporting entity to submit to the emissions reporting organization
12 reports prepared to meet other national and international reporting
13 requirements, including any reports required by the federal
14 government, as long as those reports satisfy all of the requirements
15 of this act; and

16 (2) ensure that the assurance process minimizes the need for
17 reporting entities to engage multiple assurance providers and
18 ensures sufficient assurance provider capacity, as well as timely
19 reporting implementation as required pursuant to subsection a. of
20 section 4 of this act.

21

22 11. This act shall take effect immediately.

23

24

25

STATEMENT

26

27 This bill, to be known as the "Climate Corporate Data
28 Accountability Act," would require certain business entities to
29 publicize data about their annual greenhouse gas emissions.

30 Specifically, the bill would apply to "reporting entities," defined
31 by the bill to mean any partnership, corporation, limited liability
32 company, or other business entity formed under state or federal law
33 that has total annual revenues in excess of \$1 billion and that does
34 business in New Jersey. Reporting entities would be required to
35 provide a report on their greenhouse gas emissions to the
36 Department of Environmental Protection (DEP) and a nonprofit
37 organization selected by the DEP annually, commencing three years
38 after the bill's enactment. Reporting entities would be required to
39 publicly disclose their scope 1 and scope 2 greenhouse gas
40 emissions commencing four years after the bill's enactment, and
41 they would be required to publicly disclose their scope 3
42 greenhouse gas emissions five years after the bill's enactment.
43 "Scope 1 emissions" refers to the direct emissions of a reporting
44 entity's facilities. "Scope 2 emissions" refers to the emissions
45 attributable to the electricity, heat, and cooling used by a reporting
46 entity's facilities. "Scope 3 emissions" refers to the total
47 greenhouse gas emissions of the reporting entity, including

1 purchased goods and services, business travel, employee commutes,
2 and the processing and use of sold products.

3 The bill would authorize the DEP to collect a fee along with each
4 annual disclosure made by a reporting entity. The fee would be
5 required to be set at a sufficient level to pay the DEP's
6 administrative costs for implementing the bill's provisions, and no
7 higher. The bill would require the DEP to contract with a nonprofit
8 organization to manage and publicize the reports required under the
9 bill. The bill would also require the DEP to contract with Rutgers
10 or another academic institution in the State to produce a report on
11 the public disclosures required under the bill.

12 The bill would allow reporting entities to use reports they
13 provide to the California state government under the California
14 "Climate Corporate Data Accountability Act" to satisfy the
15 provisions of the bill, in order to ease compliance. Business entities
16 that violate the bill's provisions would be liable for civil
17 administrative penalties of up to \$10,000 for the first offense,
18 \$20,000 for the second offense, and \$50,000 for the third and each
19 subsequent offense. A reporting entity could also be liable for civil
20 penalties, under the bill.