

[First Reprint]

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 reported by the Senate Environment and Energy Committee on March 17, 2025, with amendments.



(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

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SEN committee amendments adopted March 17, 2025.

1 greenhouse gas emissions, also known as its carbon footprint, and
2 to effectively identify the sources of the emissions and develop
3 means to reduce the emissions.

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

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

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

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

33

34 3. As used in this act:

35 "Assurance engagement" means a report, produced by an
36 assurance provider, which certifies the accuracy of a greenhouse
37 gas emissions report.

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

42 "Department" means the Department of Environmental
43 Protection.

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

1 with greenhouse gas emissions disclosure by entities operating in
2 New Jersey.

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

7 ¹"Reasonable assurance level" means the degree of verification
8 of greenhouse gas emissions data that may reasonably be obtained
9 by an assurance provider that validates data provided by a reporting
10 entity.¹

11 "Reporting entity" means a partnership, corporation, limited
12 liability company, or other business entity formed under the laws of
13 this State, the laws of any other state of the United States or the
14 District of Columbia, or under an act of the Congress of the United
15 States, which has total annual revenues in excess of \$1 billion and
16 that does business in New Jersey.

17 ¹["Reasonable assurance level" means the degree of verification
18 of greenhouse gas emissions data that may reasonably be obtained
19 by an assurance provider that validates data provided by a reporting
20 entity.]¹

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

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

28 "Scope 3 emissions" means indirect upstream and downstream
29 greenhouse gas emissions, other than scope 2 emissions, from
30 sources that the reporting entity does not own or directly control
31 and may include, but are not limited to, purchased goods and
32 services, business travel, employee commutes, and processing and
33 use of sold products.

34
35 4. a. (1) Commencing three years after the effective date of this
36 act, a reporting entity shall annually disclose to the emissions
37 reporting organization and the department all of the reporting
38 entity's scope 1, scope 2, and scope 3 emissions for the prior fiscal
39 year.

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

1 entity's disclosure. The assurance engagement for scope 1
2 emissions and scope 2 emissions shall be performed at a limited
3 assurance level until eight years after the effective date of this act,
4 and at a reasonable assurance level thereafter.

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

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

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

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

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

42 (2) Commencing 10 years after the effective date of this act and
43 every five years thereafter, the department may survey and assess
44 currently available greenhouse gas accounting and reporting
45 standards. This assessment shall include consultation with
46 appropriate industry stakeholders. At the conclusion of this
47 assessment, the department may adopt, in accordance with the
48 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et

1 seq.), rules and regulations as necessary to implement a globally
2 recognized alternative accounting and reporting standard if it
3 determines its use would more effectively further the goals of this
4 act.

5 f. No later than eight years after the effective date of this act, the
6 department shall update, as necessary, the public disclosure
7 deadlines established in subsection c. of this section to evaluate
8 trends in scope 3 emissions reporting and consider changes to the
9 disclosure deadlines to ensure that scope 3 emissions data is
10 disclosed to the emissions reporting organization as close in time as
11 practicable to the deadline for reporting entities to disclose scope 1
12 emissions and scope 2 emissions data. The public disclosure
13 deadlines shall consider industry stakeholder input and shall take
14 into account the timelines by which reporting entities typically
15 receive scope 1, scope 2, and scope 3 emissions data, as well as the
16 capacity for an independent assurance engagement to be performed
17 by a third-party assurance provider.

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

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

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

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

1 greenhouse gases and the qualifications of third-party assurance
2 providers.

3
4 5. A reporting entity, whenever it files a disclosure to the
5 department pursuant to subsection a. of section 4 of this act, shall
6 pay an annual fee to the department for the administration and
7 implementation of this section. The department shall set the fee in
8 an amount sufficient to cover the departments full costs of
9 administrating and implementing the provisions of this act. The
10 total amount of fees collected shall not exceed the department's
11 actual and reasonable costs to administer and implement this
12 section.

13
14 6. a. No later than two years after the effective date of this act,
15 the department shall contract with an emissions reporting
16 organization to develop a reporting program to receive and make
17 publicly available disclosures required by section 4 of this act.

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

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

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

45
46 8. Notwithstanding any provisions of this act to the contrary, a
47 copy of a report submitted to satisfy the requirements of the
48 California "Climate Corporate Data Accountability Act," California

1 Health and Safety Code s.38532, for the appropriate fiscal year,
2 may be utilized in order to comply with the provisions of this act.

3

4 9. ¹a.¹ If a reporting entity violates the provisions of this act or
5 any rule, regulation, or order promulgated or issued pursuant to the
6 provisions of this act, the department may institute a civil action in
7 a court of competent jurisdiction for injunctive or any other
8 appropriate relief to prohibit and prevent this violation and the court
9 may proceed in the action in a summary manner.

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

37 c. The department is authorized and empowered to compromise
38 and settle any claim for a penalty under this section in such amount
39 in the discretion of the department as may appear appropriate and
40 equitable under all of the circumstances, including the posting of a
41 performance bond by the violator.

42 d. Any reporting entity who violates this act or an administrative
43 order issued pursuant to subsection b. of this section or a court
44 order issued pursuant to subsection a. of this section or who fails to
45 pay a civil administrative penalty in full pursuant to subsection b. of
46 this section is subject, upon order of the court, to a civil penalty not
47 to exceed \$10,000 per day of the violation, and each day's
48 continuance of the violation constitutes a separate and distinct

1 violation. Any civil penalty imposed pursuant to this subsection
2 may be collected with costs in a summary proceeding pursuant to
3 the "Penalty Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-
4 10 et seq.), or may be collected in a civil action commenced by the
5 commissioner. In addition to any penalties, costs, or interest
6 charges, the Superior Court may assess against the violator the
7 amount of economic benefit accruing to the violator from the
8 violation.

9
10 10. a. The Department of Environmental Protection shall, in
11 accordance with the "Administrative Procedure Act," P.L.1968,
12 c.410 (C.52:14B-1 et seq.), adopt rules and regulations to
13 implement this act.

14 b. The rules and regulations shall:

15 (1) ensure that the emissions reporting required by this act is
16 structured in a way that minimizes duplication of effort and allows
17 a reporting entity to submit to the emissions reporting organization
18 reports prepared to meet other national and international reporting
19 requirements, including any reports required by the federal
20 government, as long as those reports satisfy all of the requirements
21 of this act; and

22 (2) ensure that the assurance process minimizes the need for
23 reporting entities to engage multiple assurance providers and
24 ensures sufficient assurance provider capacity, as well as timely
25 reporting implementation as required pursuant to subsection a. of
26 section 4 of this act.

27
28 11. This act shall take effect immediately.