

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 2, 2008
POSITION: Oppose
SPONSOR: Ceres

BILL NUMBER: SB 1550
AUTHOR: D. Florez

BILL SUMMARY: Corporations: Climate Change Disclosure

This bill would require the State Controller’s Office (SCO) to develop a climate change disclosure standard with specified components for use on a voluntary basis by publicly held corporations doing business in California. The bill would require the State Controller to complete and publish the investor-based climate change disclosure standard on its internet web site by December 1, 2009, and update the standard periodically as needed.

FISCAL SUMMARY

The SCO has not yet provided a cost estimate to implement this bill. However, the Department of Finance estimates that preparation of the standard, including consultation with the investment community, to develop the six required climate change-related standard components, would require the efforts of at least one SCO staff for one year at a cost of \$100,000 General Fund (GF). Periodic updates to the standard could be made using existing staff resources. The bill does not contain an appropriation.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the April 24, 2008 version are minor and do not alter our position. References to publicly held “companies” would be changed to publicly held “corporations” as defined by the Corporations Code. The amendments also would add an explicit requirement that the SCO consult with the Air Resources Board in the development of the climate change disclosure standard.

COMMENTS

The Department of Finance is opposed to this bill for the following reasons:

- This bill is unnecessary. Listed publicly held corporations doing business in California can use existing disclosure mechanisms, including financial statements, filings with the United States Securities Exchange Commission, annual reports, and sustainability reports to provide climate change information useful to investors and potential investors.
- This bill would impose General Fund costs on the SCO to prepare and periodically revise the standard at a time when the state is facing a significant GF structural deficit.

This bill would require the State Controller, by January 1, 2009, to establish and publish on its web site, a disclosure standard for potential voluntary use by publicly held companies doing business in California that addresses "climate change" risks or opportunities. The disclosure standard would be required to include, at a minimum, the following components: Emissions, Climate Change Statement, Emissions Management, Corporate Governance, Assessment of Physical Risks, and Analysis of Regulatory Risks.

Analyst/Principal (0623) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

AUTHOR

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D. Florez

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SB 1550

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2008-2009	FC	2009-2010	FC	2010-2011	
0840/Controller	SO	No	C	\$50	C	\$50		--	0001