

The 2027 Deadline: What California SB 253 Means for Your Restoration Business

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California Senate Bill 253 — the Climate Corporate Data Accountability Act — is the most significant climate disclosure law in US history. It applies to public and private companies with over \$1 billion in annual revenue that do business in California. It requires them to disclose Scope 1 and 2 emissions starting in 2026 and Scope 3 emissions starting in 2027. More than 5,000 companies fall within its scope.

Those companies include most of the institutional property owners, REITs, hospital systems, hotel chains, university systems, and commercial real estate operators that hire restoration contractors for their facilities. When they disclose their Scope 3 emissions in 2027, your work will be part of what they're accounting for.

What SB 253 Actually Requires

SB 253 requires covered companies to publish annual GHG emissions reports, verified by an independent third party, using the GHG Protocol Corporate Standard methodology. The Scope 3 reporting requirement — which takes effect

for the 2027 reporting year — means companies must inventory and disclose emissions across all relevant value chain categories, including emissions from their contractors and suppliers.

The California Air Resources Board (CARB) is developing implementing regulations that will specify the exact requirements. What's already clear from the statute is that companies cannot simply exclude contractor emissions because data is hard to collect — they must make good-faith efforts to obtain primary data from their supply chain, and where primary data isn't available, they must use approved estimation methodologies.

The third-party verification requirement is significant. Unlike voluntary ESG reporting where companies self-certify their numbers, SB 253 disclosures will be reviewed by independent auditors. That means the quality of the underlying data — including contractor-provided emissions data — will be scrutinized in a way it hasn't been before.

The Timeline That Matters for Contractors

The 2027 reporting year means companies will begin collecting 2027 emissions data in early 2027 and filing reports by the deadline established in CARB regulations. To provide verified, primary-data emissions figures from their restoration contractors, property managers need to have data collection processes in place before the jobs happen — not after.

That means the real action window for restoration contractors is now. Property managers who are serious about their SB 253 compliance are already building vendor data collection systems and ESG questionnaires. Contractors who can respond to those questionnaires with actual per-job emissions data will be in a materially different position than contractors who can't.

The companies that are largest in terms of SB 253 coverage — large REITs, national property management companies, institutional operators — are the ones most likely to make ESG data capability a formal criterion in vendor selection. They're also the clients where losing a preferred vendor designation costs the most.

What SB 253 Means Beyond California

California's disclosure laws have historically set national standards. SB 253 applies to companies "doing business in California" — which includes companies headquartered elsewhere that have California operations or customers. Many of the large commercial real estate operators that SB 253 covers operate nationally, which means their vendor data requirements will apply nationally even if the law itself is California-specific.

The EU's Corporate Sustainability Reporting Directive (CSRD) is already in effect and is pulling US companies with European operations into Scope 3 reporting as well. The direction of travel is global and accelerating regardless of what happens with US federal climate policy.

For restoration contractors that do any commercial work with institutional property owners, the 2027 deadline should be on their planning horizon now — not in 2026 when their largest clients are scrambling to collect data before the filing deadline.

What is California SB 253?

The Climate Corporate Data Accountability Act, signed in 2023. It requires companies with over \$1 billion in annual revenue doing business in California to report Scope 1 and 2 emissions starting 2026 and Scope 3 emissions starting

2027, verified by an independent third party using the GHG Protocol methodology.

How many companies does SB 253 affect?

More than 5,000 companies. Critically, the law applies to companies “doing business in California” regardless of where they are headquartered — capturing national and multinational companies with California operations or customers.

Does SB 253 directly require restoration contractors to report emissions?

Not directly — the law applies to companies with over \$1 billion in revenue. But those companies must collect Scope 3 emissions data from their supply chain, which includes restoration contractors. The obligation on the contractor is indirect but practically significant for commercial work.

What happens if a restoration contractor can’t provide emissions data to their commercial clients?

The property manager will use spend-based estimates instead, which are less accurate and more difficult to defend in a third-party audit. Over time, inability to provide primary emissions data is likely to become a disadvantage in commercial vendor selection processes.

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Frequently Asked Questions

What is California SB 253?

California Senate Bill 253 (the Climate Corporate Data Accountability Act) requires US companies doing business in California with over \$1 billion in annual revenue to publicly disclose their Scope 1, 2, and 3 greenhouse gas emissions. Scope 1 and 2 reporting begins for fiscal year 2026; Scope 3 reporting begins for fiscal year 2027. The California Air Resources Board (CARB) oversees enforcement.

Does SB 253 apply to small restoration companies directly?

Not directly — the \$1 billion revenue threshold means most restoration contractors are not covered reporting entities. However, SB 253 applies indirectly: the large commercial property management companies, REIT operators, and insurers that are covered entities must report their Scope 3 Category 1 purchased goods and services emissions, which include contractor work. Your emissions become their compliance data.

What is Scope 3 and why do restoration contractors need to care?

Scope 3 emissions under the GHG Protocol are indirect emissions in a company's value chain — including emissions from purchased services (Category 1). When a covered entity hires a restoration contractor, the carbon footprint of that restoration work appears in the covered entity's Scope 3 report. Contractors who can provide emissions data will be preferred over those who cannot — and in some cases may be required to provide it as a condition of contracting.

When does SB 253 take effect?

Scope 1 and 2 emissions reporting begins for fiscal year 2026 (first reports due in 2027). Scope 3 reporting begins for fiscal year 2027 (first reports due in 2028). However, the pressure on supply chains to collect emissions data will accelerate well before the formal deadlines as covered entities begin their data collection processes.

How should a restoration company prepare for SB 253 supply chain pressure?

Start with a baseline emissions measurement for your fleet, equipment, and subcontractors. Adopt the GHG Protocol Corporate Standard as your calculation framework — it's what covered entities will expect. Document your Scope 1 (direct combustion), Scope 2 (purchased electricity), and material Scope 3 emissions categories. The Restoration Carbon Protocol provides a restoration-specific framework for this measurement.

RELATED READING

- [Introducing the Restoration Carbon Protocol: An Industry Self-Standard for Scope 3 Reporting](#)
- [What Is Scope 3 and Why Restoration Contractors Need to Care](#)
- [The GHG Protocol's 15 Scope 3 Categories: Which Ones Apply to Restoration Work](#)
- [How Commercial Property Managers Are Counting Your Emissions](#)