

STATE OF NEW YORK

3697--A

2025-2026 Regular Sessions

IN SENATE

January 29, 2025

Introduced by Sen. SANDERS -- read twice and ordered printed, and when printed to be committed to the Committee on Environmental Conservation -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the environmental conservation law and the state finance law, in relation to reporting of climate-related financial risk and establishing the climate-related financial risk disclosure fund

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The environmental conservation law is amended by adding a new article 77 to read as follows:

ARTICLE 77

CLIMATE-RELATED FINANCIAL RISK

Section 77-0101. Definitions.

77-0102. Climate-related financial risk reporting.

§ 77-0101. Definitions.

For purposes of this section, the following definitions apply:

1. "Climate reporting organization" means a nonprofit climate reporting organization contracted by the department pursuant to subdivision three of section 77-0102 of this article that both:

a. currently operates a climate reporting organization for organizations operating in the United States; and

b. has experience with climate-related financial risk disclosure by entities operating in New York.

2. "Climate-related financial risk" means material risk of harm to immediate and long-term financial outcomes due to physical and transition risks, including, but not limited to, risks to corporate operations, provision of goods and services, supply chains, employee health and safety, capital and financial investments, institutional investments, financial standing of loan recipients and borrowers, shareholder value, consumer demand, and financial markets and economic health.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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3. "Climate-related financial risk report" means a report required by subdivision two of this section.

4. "Covered entity" means a corporation, partnership, limited liability company, or other business entity formed under the laws of the state, the laws of any other state of the United States or the District of Columbia, or under an act of the Congress of the United States with total annual revenues in excess of five hundred million United States dollars (\$500,000,000) and that does business in New York. Applicability shall be determined based on the business entity's revenue for the prior fiscal year. "Covered entity" does not include a business entity that is subject to regulation by the department of financial services, or that is in the business of insurance in any other state.

§ 77-0102. Climate-related financial risk reporting.

1. a. On or before January first, two thousand twenty-eight, and biennially thereafter, a covered entity shall prepare a climate-related financial risk report disclosing both of the following:

(i) its climate-related financial risk, in accordance with the recommended framework and disclosures contained in the Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017) published by the Task Force on Climate-related Financial Disclosures, or any successor thereto, or pursuant to an equivalent reporting requirement as described in subdivision four of this section; and

(ii) its measures adopted to reduce and adapt to climate-related financial risk disclosed pursuant to this subparagraph.

b. If a covered entity does not complete a report consistent with all required disclosures pursuant to this subdivision, the covered entity shall provide the recommended disclosures to the best of its ability, provide a detailed explanation for any reporting gaps, and describe steps the covered entity will take to prepare complete disclosures.

2. Climate-related financial risk reports may be consolidated at the parent company level. If a subsidiary of a parent company qualifies as a covered entity pursuant to subdivision four of this section, the subsidiary is not required to prepare a separate climate-related financial risk report.

3. The department shall contract with a climate reporting organization to prepare a biennial public report on the climate-related financial risk disclosures required by this section.

4. A covered entity satisfies the requirements of this section if it prepares a publicly accessible biennial report that includes climate-related financial risk disclosure information by any of the following methods:

a. pursuant to a law, regulation, or listing requirement issued by any regulated exchange, national government, or other governmental entity, including a law or regulation issued by the United States government, incorporating disclosure requirements consistent with subparagraph (i) of paragraph a of subdivision one of this section, including the International Financial Reporting Standards Sustainability Disclosure Standards, as issued by the International Sustainability Standards Board; and

b. voluntarily using a framework that meets the requirements of subparagraph (i) of paragraph a of subdivision one of this section or the International Financial Reporting Standards Sustainability Disclosure Standards, as issued by the International Sustainability Standards Board.

5. To the extent a climate-related financial risk report contains a description of a covered entity's greenhouse gases or voluntary miti-

1 gation of greenhouse gases, the department may consider a covered enti-
2 ty's claims if those claims are verified by a third-party independent
3 verifier.

4 6. a. On or before January first, two thousand twenty-eight, and bien-
5 ennially thereafter, a covered entity shall make available to the public,
6 on its own internet website, a copy of the report required by this
7 section.

8 b. (i) On or before January first, two thousand twenty-eight, and
9 annually thereafter, a covered entity shall pay a fee, upon filing its
10 disclosure, to the department for the administration and implementation
11 of this section.

12 (ii) (A) The department shall set the fee described in this paragraph
13 at an amount adequate to cover the department's full costs of adminis-
14 trating and implementing this section. The total amount of fees
15 collected shall not exceed the department's actual and reasonable costs
16 to administer and implement this section.

17 (B) The department may adjust the fee in any year to reflect changes
18 in the Consumer Price Index during the prior year.

19 (iii) The proceeds of the fees imposed pursuant to this paragraph
20 shall be deposited in the climate-related financial risk disclosure fund
21 established under section ninety-nine-ss of the state finance law.

22 7. The climate reporting organization shall be contracted to do all of
23 the following:

24 a. Biennially prepare a public report that contains all of the follow-
25 ing elements:

26 (i) a review of the disclosure of climate-related financial risk
27 contained in a subset of publicly available climate-related financial
28 risk reports by industry;

29 (ii) analysis of the systemic and sector-wide climate-related finan-
30 cial risks facing the state based on the contents of climate-related
31 financial risk reports, including, but not limited to, potential impacts
32 on economically vulnerable communities; and

33 (iii) identification of inadequate or insufficient reports.

34 b. Regularly convene representatives of sectors responsible for
35 reporting climate-related financial risks, state agencies responsible
36 for oversight of reporting sectors, investment managers, academic
37 experts, standard-setting organizations, climate and corporate sustaina-
38 bility organizations, labor union representatives whose members work in
39 impacted sectors, and other stakeholders to offer input on current best
40 practices regarding the disclosure of financial risks resulting from
41 climate change, including, but not limited to, proposals to update the
42 definition of "climate-related financial risk", and the framework or
43 disclosure standard of "climate-related financial risk reports" that
44 meets the requirements of subparagraph (i) of paragraph a of subdivision
45 one of this section.

46 c. Monitor federal regulatory actions among agency members of the
47 federal Financial Stability Oversight Council, as well as non-indepen-
48 dent regulators overseen by the White House.

49 8. a. The department shall adopt regulations that authorize it to seek
50 administrative penalties from a covered entity that fails to make the
51 report required by this section publicly available on its internet
52 website or publishes an inadequate or insufficient report. The adminis-
53 trative penalties authorized by this subdivision shall be imposed and
54 recovered by the department in administrative proceedings. The adminis-
55 trative penalties imposed on a reporting entity shall not exceed fifty
56 thousand dollars (\$50,000) in a reporting year.

1 b. In imposing penalties for a violation of this subdivision, the
2 department shall consider all relevant circumstances, including both of
3 the following:

4 (i) the violator's past and present compliance with this section; and
5 (ii) whether the violator took good faith measures to comply with this
6 section and when those measures were taken.

7 § 2. The state finance law is amended by adding a new section 99-ss to
8 read as follows:

9 § 99-ss. Climate-related financial risk disclosure fund. 1. There is
10 hereby established in the joint custody of the state comptroller and the
11 department of tax and finance a special fund to be known as the
12 "climate-related financial risk disclosure fund". Moneys in this fund
13 shall be kept separate and not commingled with any other moneys in the
14 custody of the comptroller, and may only be used in accordance with
15 section 77-0102 of the environmental conservation law.

16 2. Such fund shall consist of all revenues received by the department
17 of taxation and finance, pursuant to the provisions of section 77-0102
18 of the environmental conservation law and all other moneys credited or
19 transferred thereto from any other fund or source pursuant to law.
20 Nothing contained in this section shall prevent the state from receiving
21 grants, gifts or bequests for the purposes of the fund as defined in
22 this section and depositing them into the fund according to law. Any
23 interest received by the comptroller on moneys on deposit shall be
24 retained and become part of the fund, unless otherwise directed by law.

25 § 3. Severability. If any clause, sentence, paragraph, subdivision,
26 section or part of this act shall be adjudged by any court of competent
27 jurisdiction to be invalid, such judgment shall not affect, impair, or
28 invalidate the remainder thereof, but shall be confined in its operation
29 to the clause, sentence, paragraph, subdivision, section or part thereof
30 directly involved in the controversy in which such judgment shall have
31 been rendered. It is hereby declared to be the intent of the legislature
32 that this act would have been enacted even if such invalid provisions
33 had not been included herein.

34 § 4. This act shall take effect on the sixtieth day after it shall
35 have become a law.