



AB 32 Implementation Group



Working Toward Greenhouse Gas Emission Reductions
And Enhancing California's Competitiveness

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TO CUT GREENHOUSE GASES, COALITION FAVORS MARKET, NOT NEW TAXES

SACRAMENTO – Pushing against the June 1 release of draft recommendations for a trading market for greenhouse gas emissions in California, the AB 32 Implementation Group has released a letter favoring market mechanisms as the most effective and least costly way to achieve greenhouse gas reductions.

“Governor Schwarzenegger has strongly endorsed the use of markets as a means to encourage innovation and cost effectiveness to reduce greenhouse gases,” said Dorothy Rothrock, vice president of the California Manufacturers & Technology Association. “We couldn’t agree more. Cap and trade programs have a proven track record of improving air quality while saving taxpayers billions of dollars.”

The Clean Air Act used a cap and trade system to reduce sulfur dioxide emissions from power plants. Markets were also used to phase out leaded gasoline and ozone-depleting chlorofluorocarbons.

The market mechanisms favored by the coalition include a program that includes all sources of greenhouse gas, recognizes that greenhouse gas reductions have climate benefits no matter where they take place, fits with other programs (such as the one in Europe), provides certainty, and minimizes the use of auctions.

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Under an auction design, for instance, any business that wishes to continue operating in California would be required to buy credits before continuing to operate.

“An auction could impose a significant, new tax on California businesses,” said Teresa Casazza, acting president of the California Taxpayers’ Association. “The new tax could amount to billions of dollars without the assurance that the government would spend any of it wisely.”

The Implementation Group favors a design based on market mechanisms because it would lower the cost of reducing greenhouse gases and encourage continued investment in California.

“The money saved by using markets would also mean savings for consumers, and would enable more investments to grow California’s economy and create jobs,” said Dominic Dimare, vice president of the California Chamber of Commerce.

The coalition’s letter was sent to the Market Advisory Committee, the committee recommending the cap and trade design. This begins a process that will be finalized by the California Air Resources Board.

A copy of the letter can be found at www.AB32IG.com.

The Implementation Group represents companies employing millions of California workers. Its members include the California Manufacturers & Technology Association, California Chamber of Commerce, California Taxpayers’ Ass’n, Alliance of Automobile Manufacturers, Ass’n of Home Appliance Manufacturers, California Building Industry Ass’n, California Citrus Mutual, California Cotton Ginners and Growers Ass’n, California Grocers Ass’n, California Retailers Ass’n, California Small Business Alliance, Western States Petroleum Ass’n, Wine Institute and more than a dozen local chambers of commerce and farm bureaus.