



AB 32 Implementation Group

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

August 26, 2009

The Honorable Joe Baca - [SAMPLE LETTER – Individual Letters Distributed]
201 North E Street, Suite 102
San Bernardino, CA 92401

Dear Representative Baca:

On behalf of California's major business and taxpayer organizations, we request that you advocate that any federal climate change legislation be written to enhance the competitiveness of California businesses and industry. Federal climate policy should recognize and reward California's decades-long investment in renewable energy and energy efficiency which have reduced Greenhouse Gas (GHG) emissions.

The California Legislature in 2006 passed AB 32 – the “Global Warming Solutions Act” - that requires a rolling back of GHG emissions in California to 1990 levels by 2020, a nearly 30% reduction. This California-only climate policy promises to add greatly to our cost of doing business, to the detriment of jobs, new investment and state tax revenues. The California Air Resources Board recently adopted a plan that includes a combination of direct regulations and a cap-and-trade program to achieve these aggressive goals. Additionally, many local governments in California are pursuing their own regulations and fees to control climate change, adding more layers of regulation and costs on the California economy. Currently energy costs for businesses in California are nearly 30% higher than the national average due to California's progressive policies on renewable energy and energy efficiency.

The impact on business is staggering: California State University experts conclude that when AB 32 is fully implemented, the average annual loss in gross state output from small businesses alone would be \$182.6 billion, translating into nearly 1.1 million lost jobs in California. Lost labor income is estimated at \$76.8 billion, with nearly \$5.8 billion lost in indirect taxes. Electricity costs are estimated to increase by up to 60% in some parts of California, and transportation fuel costs by \$4 billion per year, according to other analyses. Housing and commercial building costs would also increase significantly.

Federal law should create a uniform policy addressing GHG emissions and avoid providing a patchwork of state requirements that inevitably create economic winners and losers. Federal policy could and should preempt certain California-only regulations, such as a cap-and-trade program. A patchwork approach leaves California at a competitive disadvantage to the rest of the nation and will lead to additional job loss and potentially greater GHG emissions. If the goal is to move GHG emissions out of California then having unique California standards does just that. If however, the goal is to reduce GHG in the environment, a uniform national policy helps to reach that goal. Other federal policies should avoid costly duplication and regulatory overlap.

While some argue California should “be in the lead” and maintain policies that are more aggressive than those of the rest of the nation and the world, that approach is self-defeating if higher in-state costs increase leakage of jobs and investment away from our low carbon economy and increase overall emissions through industrial growth in less regulated regions. As the federal climate change policy debates continue this Fall, we strongly urge you to advocate for policies that support a vibrant and growing California economy.

Thank you for your consideration.

Sincerely,



DOROTHY ROTHROCK
Co-Chair AB 32 Implementation Group
Vice President
California



MARC BURGAT
Co-Chair AB 32 Implementation Group
Vice President – Government Relations