

AB 32 Implementation Group

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

Consumers and Employers could pay \$143 Billion in AB 32 Auction Taxes

Employers and government agencies with large greenhouse gas emissions would pay billions of dollars under a proposed AB 32 cap-and-trade program. An "auction" by the California Air Resources Board (CARB) would determine the amount to be paid. This is not an auction in the conventional sense. In reality, it's an "Auction Tax" which will range from \$10 to more than \$200 per ton of emissions. At \$60 per ton, such an "Auction Tax" would total \$143 billion between 2012 and 2020.¹

Jobs at Risk from Multi-Billion-Dollar Auction Tax

Universities, ports, airports, public utilities, wineries, food processors, refineries, cement plants, beer makers, glass makers and others would be hit by Auction Taxes. They employ thousands of California workers. High-wage manufacturing and other jobs will be at risk if CARB imposes billions in new costs.

Higher Prices for Gasoline, Electricity and Natural Gas

Consumers will also bear the brunt of the Auction Tax through higher electricity and natural gas bills, and higher prices at the gasoline pump. For example, the Auction Tax at \$60 per ton would mean 53 cents more per gallon of gasoline² and \$200 per year more for a family's electricity costs.

That's Not All - Other AB 32 Costs Would Be On Top of the \$143 Billion Auction Tax

The Auction Tax is not the only AB 32 cost to worry about. Other AB 32 programs will raise consumer prices - an estimated 30% increase in electric bills³, \$3.7 billion in higher gasoline and diesel costs and a \$50,000 hike in the cost of a new home.⁴

A Regressive Tax at the Worst Possible Time

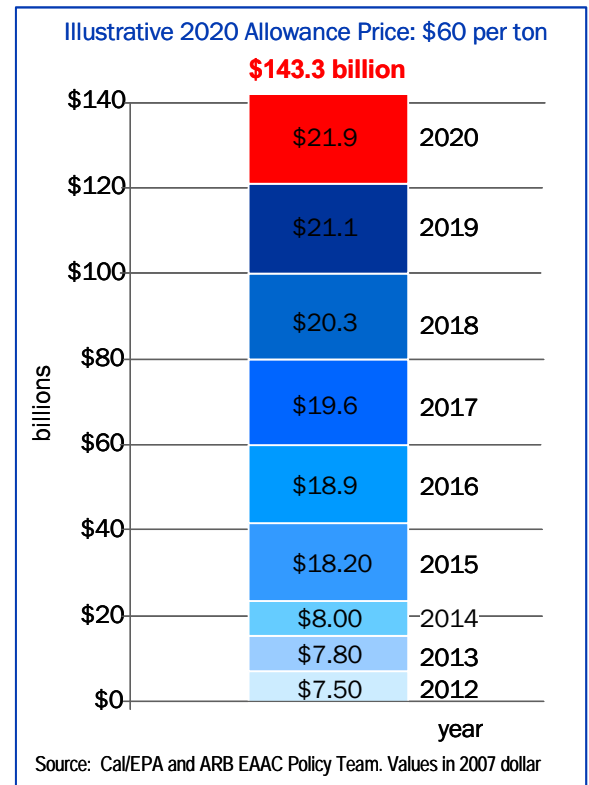
Low income consumers and small businesses will be disproportionately impacted by higher energy costs since these groups spend more of their budgets on utilities and fuel. The Auction Tax is a double-whammy since higher energy costs will also raise prices for food and other essential products.

Violates the California Constitution

The California Constitution requires the Legislature to approve new taxes by a 2/3 vote. The Legislature never voted at all - much less by a 2/3 vote - to give CARB, an unelected government board, the authority to increase taxes by \$143 billion.

At a time of record-high unemployment, home foreclosures and cutbacks on vital public services, the last thing families and employers need is a \$143 billion AB 32 Auction Tax.

Auction Tax Costs 2012 to 2020



¹ Draft Report of CARB's Economic Allocation and Advisory Committee. 11/13/2009.

² Based on data from the Energy Information Administration.

³ Southern California Public Power Authority report. 9/28/2009

⁴ National Renewable Energy Laboratory study on zero net energy policy.

Who Pays the AB 32 Auction Tax?

Large generators of greenhouse gases would be subject to the Auction Tax from the AB 32 cap-and-trade program. These are examples of the kinds of companies and government agencies that would be forced to pay the tax.

Company/Public Agency	Tons of GHG Emissions	AB 32 Auction Tax \$20 per ton	AB 32 Auction Tax at \$60 per ton	AB 32 Auction Tax at \$100 per ton
Port	360,556	\$7,211,120	\$21,633,360	\$36,055,600
Forest Products	433,203	\$8,664,060	\$25,992,180	\$43,320,300
Dairy	40,024	\$800,480	\$2,401,440	\$4,002,400
Soup Maker	38,942	\$778,840	\$2,336,520	\$3,894,200
Brewery	75,310	\$1,506,200	\$4,518,600	\$7,531,000
Aeronautics	26,218	\$524,360	\$1,573,080	\$2,621,800
Paper Manufacturer	116,842	\$2,336,840	\$7,010,520	\$11,684,200
Winery	43,685	\$873,700	\$2,621,100	\$4,368,500
Poultry Plant	42,318	\$846,360	\$2,539,080	\$4,231,800
Glass Maker	98,844	\$1,976,880	\$5,930,640	\$9,884,400
Biomedical	41,434	\$828,680	\$2,486,040	\$4,143,400
UCLA	179,562	\$3,591,240	\$10,773,720	\$17,956,200
UC San Diego	152,780	\$3,055,600	\$9,166,800	\$15,278,000
Steel Plant	165,057	\$3,301,140	\$9,903,420	\$16,505,700
Sugar Plant	100,426	\$2,008,520	\$6,025,560	\$10,042,600
Silicon Valley Power	216,802	\$4,336,040	\$13,008,120	\$21,680,200
Refinery	2,796,057	\$55,921,140	\$167,763,420	\$279,605,700
Geothermal Power Plant	194,896	\$3,897,920	\$11,693,760	\$19,489,600
Airplane Maintenance Facility	107,441	\$2,148,820	\$6,446,460	\$10,744,100
Los Angeles Dept. of Water & Power (CA Facilities)	4,112,321	\$82,246,420	\$246,739,260	\$411,232,100
Airport	44,333	\$886,660	\$2,659,980	\$4,433,300
Packing Company	66,018	\$1,320,360	\$3,961,080	\$6,601,800

Source: California Air Resources Board, Mandatory Greenhouse Gas Reporting Data for 2008.