

# AB 32 Implementation Group

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

January 30, 2008

Mr. Chuck Shulock  
California Air Resources Board  
Sacramento, CA 95414

Dear Mr. Shulock:

Last June we sent a letter to your agency outlining our principles on the imposition of administrative fees on entities regulated under AB 32. This letter further details our position on this issue.

AB 32 (H&SC Section 38597) gives the California Air Resources Board (CARB) the ability to adopt a schedule of administrative fees to pay for the program:

***38597. The state board may adopt by regulation, after a public workshop, a schedule of fees to be paid by the sources of greenhouse gas emissions regulated pursuant to this division, consistent with Section 57001. The revenues collected pursuant to this section, shall be deposited into the Air Pollution Control Fund and are available upon appropriation, by the Legislature, for purposes of carrying out this division.***

We urge that the following principles be used to ensure that fair and equitable funding and fees are adopted.

- The primary goal of AB 32 is reduce the statewide emissions of greenhouse gases (GHG) to 1990 levels by 2020. Statewide GHG emissions result from the myriad of activities that make up our way of life. General fund monies should be used to fund much of AB 32 implementation that concerns broad societal or public impacts.
- Consistent with Speaker Nunez's August 31, 2006 Letter to the Journal, prior to adopting fees on specific GHG emission sources, CARB must identify those reasonable, specific and direct program costs to regulate those specific GHG emission sources. Fees should be fair, appropriate and balanced so that large and small sources and different business/industry sectors are assessed fees in an equitable manner that does not impose, burden or give an advantage to one business/industry sector over another. Fees on specific GHG sources should reflect the direct burden, impact or benefit resulting from the CARB effort to regulate the specific GHG source.
- Program funding should be set and capped at levels appropriate and adequate to cover the mandated regulatory program.

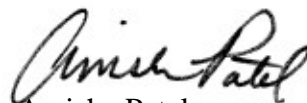
- Fee formulas should be designed to fund no more than the annual program needs and should not automatically increase.
- Fees should sunset after five years. If programmatic and funding needs increase, legislative review and authorization or reauthorization should occur.
- Fees should be stable, predictable and understandable so that the fee payer can plan and budget for fee payments.
- Fees should be developed and adopted pursuant to state administrative procedures; emergency procedures should be avoided.
- To ensure that adopted fees are consistent with the above principles, an advisory group of fee payers should be consulted on program implementation, effectiveness and fee equity.
- Fees collected under AB 32 should be subject to annual audits and review by the advisory group of fee payers.
- AB 32 fees, as provided by the statute and Speaker Nunez's letter to the Journal should reflect CARB's direct costs for implementing the AB 32 program. Costs incurred by other agencies on AB 32 related activities should not be reflected in these fees.

We thank you for considering our comments.

Sincerely,



Dorothy Rothrock  
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Vice President  
California Manufacturers &  
Technology Association



Amisha Patel  
Co-Chair AB 32 Implementation Group  
Policy Advocate  
California Chamber of Commerce

cc: CARB members