



AB 32 Implementation Group



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

For Immediate Release
January 7, 2010

Contact: Shelly Sullivan
(916) 858-8686

CAP-AND-TRADE REGULATION MEANS CONSUMERS AND EMPLOYERS COULD PAY UP TO \$143 BILLION IN AB 32 AUCTION TAXES

SACRAMENTO – California's Select Committee on Climate Change and AB 32 Implementation today held an informational hearing on the California Air Resources Board's (CARB) preliminary draft regulation for a cap-and-trade program.

"The current discussion about a California cap-and-trade program raises a number of concerns for the AB 32 Implementation Group," stated Dorothy Rothrock, co-chair of the AB 32 Implementation Group. "Our greatest concern is that large employers could be subject to an 'Auction Tax' of up to \$143 billion by 2020 (at \$60 per ton)."

Thousands of high wage manufacturing and other California jobs would be at risk under an Auction Tax. CARB's November 2009 'Mandatory Greenhouse Gas Reporting Data Report' lists hundreds of entities that will be covered by the cap-and-trade regulation. Universities, ports, airports, public utilities, wineries, food processors, cement plants, beer makers, glass makers, and other sectors are included in the report.

In fact, CARB's panel of experts suggests using auction revenues to fund a program to help workers who lose their jobs because of AB 32.

Consumers would 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 equal 53 cents more per gallon of gasoline and \$200 more for a family's electricity costs.

Rothrock continued, "A red flag in the preliminary draft cap-and-trade regulation is that CARB recommends severely restricting the use of offsets. This limitation will significantly increase the cost of the cap-and-trade program."

Maximizing the use of offsets would be an effective tool to reduce program costs and encourage emission reductions. Innovative greenhouse gas reduction programs that small businesses, local school districts and others in California are considering could provide lower cost reductions and protect jobs in our state.

It is also a great concern that California is developing cap-and-trade regulation without assurances that other states will also participate. A program that only applies to California or a limited number of states will put California employers at an even worse competitive disadvantage, driving jobs out of the state.

"The AB 32 IG believes climate policies should be addressed at state, national and global levels. California can take many steps to reduce our carbon footprint, yet we must be confident our methods are cost-effective and technologically feasible, and that our program works to the benefit of California by linking with other climate change programs," Rothrock concluded.