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## Putting a Chill on California's Economy

State's greenhouse gas law is a financial, competitive hurdle that does nothing to ease global warming.

By JON COUPAL

In 2006, California embarked on a great experiment by passing its own law to curb global warming. It was titled AB 32 (the Global Warming Solutions Act), and it required that California reduce its greenhouse gas emissions (carbon dioxide) by nearly 30 percent by the year 2020.

More than three years later, California continues to lead the world in the fight against global warming, but the world -especially China, the largest greenhouse gas emitter, is not following. And that means the implementation of AB 32 will have no impact on reducing global warming because our state's greenhouse gas, or GHG, emissions are a tiny fraction of worldwide GHG emissions.

While AB 32 won't affect global warming, it will dramatically increase energy costs for consumers. In fact, California taxpayers already have spent a lot of money to produce a plan. More than 200 new state employees and contractors were hired by the California Air Resources Board to draft the state's global warming reduction strategy at a cost of more than \$100 million. The bureaucratic burn rate will continue at roughly \$50 million or more per year into the future.

However, administrative costs are really the tip of the iceberg for the actual price tag for AB 32. Here's how AB 32 will really cost you:

- A 60 percent increase in your electricity bill according to the Southern California Public Power Authority.
- An 8 percent increase in your natural gas bill according to CARB's economic analysis.
- \$50,000 more for the price of a new home according to an analysis by the National Renewable Energy Laboratory.
- \$3.7 billion a year more for gasoline and diesel according to Sierra Research.
- A \$1,000-\$3,000 additional cost for a new car according to CARB and automaker studies.

Add this all up, and it comes to real money. A study conducted for the California Small Business Roundtable found that AB 32 regulations would cost small business alone nearly \$200 billion and would result in more than 1 million lost jobs.

On top of all that, food processors, winemakers, colleges, utility districts and various manufacturers will be forced to pay an AB 32 auction tax estimated at \$143 billion over eight years for the right to continue operating in California. That's the equivalent of increasing gasoline taxes by more than 50 cents per gallon or increasing the average family's electricity bill by hundreds of dollars per year. <sup>1</sup>

A Southern California brewery, for instance, would be forced to pay \$4.5 million a year for these AB 32 auction taxes of more than \$45 million over 10 years. The Los Angeles

Department of Water and Power would be forced to pay \$246 million a year or more or \$2.5 billion over 10 years. UCLA, which operates a co-generation plant, would be forced to pay an AB 32 auction tax of nearly \$11 million a year or more than \$100 million over 10 years.

### **Hefty expense**

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Ironically, since carbon emissions do not respect borders, AB 32 might actually increase greenhouse gas emissions. That's because AB 32's higher costs will force California companies to shut down their operations here and move them to other places in the country or world that have less stringent environmental controls.

Some true believers still insist that AB 32 won't result in any costs or job losses. However, a UC Labor Center Study found that AB 32 might produce a modest amount of "green" jobs, but would threaten more than 3 million jobs in manufacturing, energy and other industries. Many of these are blue-collar jobs that provide good salaries and good benefits to California workers who are suffering an effective unemployment rate of nearly 20 percent.

When the final accounting is done, this experiment in politically correct environmental policy provides no demonstrable benefits at a price tag of billions of dollars and more than 1 million lost jobs. It will cut an already staggering economy off at the knees.

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