

# Sacramento Business Journal

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Friday, March 5, 2010

## **Rather than attack AB 32 study, try solving small businesses' concerns**

by Betty Jo Toccoli Contributing writer

It is remarkable that a study by the California Small Business Roundtable on the economic impacts of Assembly Bill 32 to small businesses has generated so many follow-up studies, critiques and attacks. The critics must feel threatened by the serious questions that were raised in the CSBR report, as they are now on a mission to attack the study and its authors, rather than work to address the questions and concerns about how small businesses will survive the implementation of this enormous state regulatory program.

I believe Mary Nichols and the California Air Resources Board are honestly trying to create a state solution to a very complex international problem. And I support the effort to combat climate change and reduce our environmental footprint. However, I do not support climate change policies that put California small businesses at a competitive disadvantage; I do not support climate change policies that impose major costs that are detrimental to the health of our state's small-business sector; and I do not support climate change policies that blindly promise rapid economic growth without providing proof about how this positive transition will occur in spite of all the sure economic challenges.

When the small-business community couldn't get straight answers about the impacts of AB 32, we commissioned our own report by two researchers from California State University Sacramento. The findings, which the report's authors firmly stand by, showed that AB 32 would cost small businesses an estimated \$50,000 per year and our state would lose over 1.1 million jobs.

The fear of a heightened competitive disadvantage is very real for small-business owners. Under AB 32, small businesses are being told to install new energy-efficient equipment in order to counteract rising energy prices. But for a small office supply store owner, the prospect of paying \$5,000 for new air conditioning and lighting units is overwhelming. That \$5,000 expenditure would require an additional \$50,000 in sales at a time when sales and profits are still at rock bottom.

Already, California's gasoline and electricity rates are among the highest in the country and still the Southern California Public Power Authority has stated, "SCPPA members anticipate that bills to customers will escalate by approximately 30 percent" due to AB 32 implementation measures. On top of this 30 percent rate increase, there will be an additional 30 percent increase if SCPPA members are required to buy allowances to cover 100 percent of their emissions. Under either scenario, a 30 percent or 60 percent rate increase is a significant burden for any size business or homeowner.

Despite this mounting evidence, some academics still dispute the projected cost increases and job losses. But it's ironic that the critics' university employers are singing a different tune. While researchers from University of California Berkeley act as cheerleaders for AB 32, the president of the UC system is simultaneously complaining about the "significant compliance costs" for universities. In its comment letter to CARB, the UC Office of the President asks for special exemptions and states, "The University depends on the state of California for its operating budget and is concerned that without increased funding from the state, there is a strong potential that the university's only recourse will be to pass along the costs of AB 32 compliance to its students." Suddenly, it's clear that our state's college students, homeowners, and small businesses alike will be footing this expensive climate change bill.

Our AB 32 impact study rightly pointed out that the costs of the program are certain, regardless of which cost estimate you choose to accept, but the offsetting benefits are speculative. So far, we have seen very minimal increases on the green jobs front, and have yet to see how small businesses can fit into this vision of a green economy. CARB has still not responded to Assembly Concurrent Resolution No. 77, which called for an analysis of projected employment impacts, and a review of green-collar jobs and whether they will even be located within our state's borders.

California wants to go it alone with a climate change program. But we need to be clear about the risks we're taking and the economic outcomes we may be facing. The point of commissioning the small-business impact study was to start examining these serious issues. Rather than spending time and resources attacking legitimate questions about the cost of AB 32, I sincerely hope the administration and the proponents of AB 32 provide the detail that supports the promises they made in passing this legislation. If they spent as much time providing answers as they have attacking the questions, there would be fewer people asking to delay AB 32.

Betty Jo Toccoli is president of the California Small Business Association in Los Angeles.