

AB 32 Implementation Group

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

Ms. Edie Chang
California Air Resources Board
1001 I Street
Sacramento, CA 95812

April 24, 2009

AB 32 Implementation Group Comments on the Air Resources Board AB 32 Administrative Fee Regulation Draft Regulatory Language

Dear Ms. Chang:

AB 32 Implementation Group is a broad coalition of business and taxpayer groups supporting rational implementation of AB 32 through cost effective and technologically feasible regulations to promote a healthy environment and growing state economy.

We have participated in workshops for development of a valid and fair Administrative Fee. We remain very concerned that the fee proposal does not meet basic standards for a valid Administrative Fee, nor has CARB provided sufficient information, despite repeated requests, to justify the amount of the fee and to show how the fee revenues will be used.

The following are our major concerns:

- AB 32 requires that "the sources of greenhouse gases" regulated under AB 32 are the entities that will pay the fee. However, the proposed regulation would apply to only 75% of the state's greenhouse gas emissions, unfairly burdening industries associated with these emissions. Staff has not shown why it is infeasible to cover more sources for purposes of the fee regulation.
- Staff assumes that fee payers will be able to pass costs through to customers. This is not always true. Increased prices may cause buyers to choose other providers, to conserve, to adopt technologies, or take other actions that will undermine the assumption that all fees will be paid by ultimate consumers.
- We believe it is inappropriate and unlawful for the fee to include costs of the agency's defense of the fee in litigation. CARB should be required to justify defense costs or attorney's fees costs just as any other litigants before a court.

AB 32 Implementation Group objects to the current Administrative Fee structure proposed by CARB.

Sincerely,



Dorothy Rothrock
Co-Chair AB 32 Implementation Group
Executive Vice President
California Manufacturers &
Technology Association



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Co-Chair AB 32 Implementation Group
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California Chamber of Commerce

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