



# AB 32 Implementation Group



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

February 13, 2009

Mr. Jon Costantino  
Manager, Climate Change Planning Section  
California Air Resources Board  
Sacramento, CA 95414

Dear Mr. Costantino:

Thank you for the opportunity to comment on your agency's conceptual proposal for adopting an administrative fee regulation for implementing AB 32 (Global Warming Solutions Act).

AB 32 Implementation Group (AB 32 IG) is a coalition of more than 185 organizations dedicated to achieving the greenhouse gas emission reductions required under AB 32 so the reductions are implemented with a balanced and cost-effective plan that protects California workers and employers. Our comments are based on the AB 32 IG set of principles (see letter of January 30, 2008) that advocate for fair and equitable funding as fees are considered and adopted.

### **Determining Administrative Costs:**

There are several examples of how state agencies calculate administrative costs and provide that information to the public and stakeholders. One example is the State Water Resources Control Board's water rights fee program, see, for 2004-2005 (<http://www.waterrights.ca.gov/fees/WaterRightandWaterQualityCertificationFees-FY2004-05.pdf>) (slide 14). Another example of the detail provided to support the Department of Water Resources' watermaster assessment for 2007-2008 is found at [http://www.water.ca.gov/watermaster/ND\\_Watermasters/2007-2008WMBudget20071203\\_for\\_Internet.xls](http://www.water.ca.gov/watermaster/ND_Watermasters/2007-2008WMBudget20071203_for_Internet.xls). Staff contacts for additional background on these fee programs can be supplied.

To date, the Air Resources Board has not provided any of the required documentation regarding the proposed \$55 million a year in AB 32 administrative costs. To meet the standards established for public disclosure of this information, the Air Board should prepare and release an analytical spreadsheet that identifies the number of PY, by staff unit, that are intended to be funded by the AB 32 administrative fee, and identify the AB 32 functions performed by staff in each unit, including an identification of which measures that staff unit is assigned to develop. This spreadsheet should be in sufficient detail so that fee payers can identify which measures (as listed in the January 29 Measure Development spreadsheet) are to be funded with the administrative fee, and the cost of each measure. An additional spreadsheet should identify contracting expenses for AB 32, including what measures the expense is related to. This information should be publicly available no later than release of the draft regulation.

**Audits and Accountability:**

Several major state fee-payer programs have established an advisory group of fee-payers who are 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.

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.

**Criteria for Fees:**

AB 32 fees, as provided by the statute and Speaker Nunez's August 31, 2006 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.

**Allocation of Fees:**

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.

The information provided so far by staff has raised more questions than it answered. We look forward draft regulations to provide additional details on this question.

We thank you for considering our comments.

Sincerely,



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



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