



June 24, 2009

Chairman Mary Nichols
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Re: Support for the AB 32 Administrative Fee regulation

Dear Chairman Nichols,

On behalf of the undersigned public health and environmental organizations, we are writing to voice our strong support for the adoption of the AB 32 Administrative Fee regulation at the June 25, 2009 meeting of the California Air Resources Board (CARB).

Our organizations believe that the adoption of the Administrative Fee regulation is urgently needed to provide a stable and continuous source of funding for the range of work being conducted at CARB and other state agencies in support of AB 32 implementation. The Administrative Fee regulation is required to support the state's efforts to protect California's air quality, public health and environment from the worst effects of global warming. We applaud CARB for moving forward in a responsible manner to generate funding outside of the severely strained state budget to support AB 32 activities and support adoption of the AB 32 Administrative Fee regulation for the following reasons:

- *California's current financial crisis is threatening many state programs and AB 32 implementation is too important to delay.* This regulation avoids adding to the already overburdened budget by collecting fees from the largest sources of global warming emissions in California. By adopting the fee regulation, California can maintain momentum toward its greenhouse gas reduction goals without additional strain on California's finances.
- *Current law requires CARB to impose a fee on sources of greenhouse gas emissions to carry out the scoping plan.* AB 32 specifically authorized the implementation of a fee to generate funds for carrying out AB 32 programs.¹ This regulation will prevent CARB from continuing to borrow from existing state funding sources and repay funds borrowed to support this program over the last two fiscal years. Further, the Governor and the Legislature required implementation of the fee in the 2008 budget to end borrowing from other programs.

¹ California Health and Safety Code Section (HSC) 38597 states: "The state board may adopt by regulation, after a public workshop, a schedule of fees to be paid by the sources of greenhouse gas emissions regulated pursuant to this division, consistent with Section 57001. The revenues collected pursuant to this section, shall be deposited into the Air Pollution Control Fund and are available upon appropriation, by the Legislature, for purposes of carrying out this division."

- *The regulation imposes fees in an equitable manner, ensuring that a broad range of major greenhouse gas emission sources are responsible for the cost.* The proposal covers 85 percent of all greenhouse gas emission sources in California and would not be applied to small businesses. Even with the potential for businesses passing costs to consumers, the costs to California households are expected to be less than five dollars per year.²
- *The overall cost of this program is minor compared to the costs of global warming to California.* California's vast real estate, agriculture and tourism industries face significant threats from global warming, with trillions of dollars of assets at risk. California's infrastructure for energy, water and transportation face hundreds of billions in potential costs due to increased warming. The state's public health system is also facing billions in added costs due to global warming.³ California's leadership on climate action can help curb global warming worldwide, leading to benefits that far outweigh the annual estimated \$30 million cost of administering AB 32 scoping plan measures.

Our organizations strongly support the proposed AB 32 Administrative Fee to remain on course to protect California's economy, environment, air quality and public health while the state continues the fight against global warming. Thank you for your continued leadership, and for the opportunity to comment on this vital regulation.

Sincerely,

Bonnie Holmes-Gen
American Lung Association in California

Chris Busch
Center for Resource Solutions

Tim Carmichael
Coalition for Clean Air

Kristin Grenfell
Natural Resources Defense Council

Matt Vander Sluis
Planning and Conservation League

Robin Salsburg
Public Health Law & Policy

Bill Magavern
Sierra Club California

Erin Rogers
Union of Concerned Scientists

² California Air Resources Board. May 8, 2009. [Staff Report: Initial Statement of Reasons for Rulemaking. Proposed AB 32 Cost of Implementation Fee Regulation...](#): "ARB has determined that representative private persons would be affected by the cost impacts from the proposed regulatory action at an estimated cumulative cost of \$ 4.00 per household per year when the marginally increased utility and fuel costs are passed through to the consumer."

³ Kahrl, Fredrich and Roland-Holst, David, UC Berkeley Dept. of Agricultural and Resource Economics. Nov. 2008. [California Climate Risk and Response](#): "Our estimates indicate that climate risk – damages if no action is taken – would include tens of billions per year in direct costs, even higher indirect costs, and expose trillions of dollars of assets to collateral risk."