



Hank Ryan  
08-10-2  
11/20/08

November 20, 2008

California Air Resources Board, Sacramento, CA

## Re: AB32 "Action Alert" from CSBA

Dear CARB Board Members:

Please note that the attached "Action Alert" is NOT from Small Business California!

Small Business California (SB-Cal), has been an active participant in the AB32 process and supports the legislation because we believe it will offer the best path forward for small businesses to plan for climate change, not react to climate change after it is too late.

SB-Cal has served on the ETAAC panel since early 2007 offering adopted language supporting On Bill Financing. SB-Cal also filed written Comments addressing the Proposed Scoping Plan.

While we are unaware to what degree CSBA has participated in the AB32 planning process before now, SB-Cal believes only part of one sentence of the "Action Alert" offered by CSBA is constructive. That comes as part of the LAST sentence in the flyer "We support a balanced cost-effective plan to reduce greenhouse gas emissions..."

We agree it is now time for a collaborative process to be organized by CARB so that the assertions offered by the CSBA flyer can be addressed and discussed within a process that allows for considered arguments and discussion.

SB-Cal strongly disagrees with several of the assertions in the CSBA flyer. For instance:

- Commercial/Industrial energy efficiency installations DO NOT "render the building unusable during retrofit work."
- Energy efficiency retrofits require NO up front capital when using On Bill Financing or AB811 loan programs and are therefore NOT "capital intensive."

The CSBA flyer makes several other claims that need to be FULLY addressed with accurate facts. However, sometimes even factual evidence can't match the emotional arguments offered by repeated assertions that claim small businesses will be threatened by AB32 to the tune of BILLIONS of \$\$ in added costs.

Similar arguments occurred when the first laws banning smoking in restaurants and bars were about to take effect. Those "alerts" proved to be inaccurate.

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415-680-2188



The fact is, small businesses will LEAD by developing the vast majority of successful business solutions that will become the engine of our economy leading to lower emissions and energy independence. Even where challenges clearly exist as with the current difficulty for businesses to lower vehicle fuel use and emissions, small businesses will point the way forward by investing in millions of light duty low emission vehicles that leap from 15 mpg to 100 mpg and that will reward automakers delivering vehicles like the Ford Escape Plug-in hybrid.

Small businesses (or the organizations that purport to represent them), shouldn't be portrayed as "cowering in the corner" waiting for the ill effects of AB32 to deliver ruination.

Many examples of California small businesses leading the way are cited in the forthcoming report, *ENERGY TO SPARE*, the first comprehensive exploration of energy use by America's 27 million small businesses. *ENERGY TO SPARE*, funded by the Belvue Fund, Changing Horizons Fund, and Rockefeller Brothers Fund, is a project of The Center for Small Business and the Environment (CSBE), located in Washington, DC. Small Business California collaborates closely with CSBE. The report is expected to be completed soon and once it is, Small Business California will make its findings available. In fact, Byron Kennard recently stated when collecting examples for the report, "Please stop...Enough!..no more examples from California!

The CSBA flyer claims repeatedly that "Higher Costs" will result from the CARB AB32 Scoping Plan if it is adopted. The flyer completely fails to address the costs to small businesses if we continue to ignore the unavoidable challenges ahead.

In fact, CSBA has ignored repeated offers of information they could pass on so their members could RIGHT NOW take advantage of the many opportunities for small businesses to become more energy efficient with help from California utilities.

Again, we suggest it is now time for a collaborative process to be organized by CARB so that the assertions offered by the CSBA flyer and others arguing against the current proposed Scoping Plan can be addressed and discussed within a process that allows for considered arguments and discussion.

Respectfully submitted,

Hank Ryan  
Executive Director  
Small Business California

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**Re: AB32 “Action Alert”  
from CSBA**

**Dear CARB Board Members:**

**Please note that the “Action  
Alert” on the other side of this  
page is NOT from Small  
Business California!**

## ACTION ALERT

CARB Board to Hear Public Comment  
on AB 32 Scoping Plan

This may be your last and only chance to  
stop the billions in new fees, taxes and  
higher operating costs that threaten your  
business!

**Please attend and speak!**

November 20, 2008

9:00 a.m.

Air Resources Board

1001 I Street, 2nd Floor

Byron Sher Auditorium

Sacramento, California 95814

Or

submit comments in writing to:

<http://www.arb.ca.gov/lispub/comment/bclist.php>

For more information, please contact

California Small Business Association

at 800-350-2722

or visit our website: [www.csba.com](http://www.csba.com)

## AB 32: Likely to Cost Small Businesses BILLIONS

**Higher Vehicle Costs** Cars and trucks will cost thousands more under AB 32. Proposed higher fuel economy standards and/or vehicle surcharges would drive up the costs of maintaining, operating and purchasing vehicles.

**Higher Taxes and Fees** Small businesses already face among the highest taxes in the country and the AB 32 Scoping Plan proposals could drive these taxes even higher. The Plan's recommendation to ultimately require a 100% auction system for greenhouse gas emission credits could assess hidden taxes of several billion dollars a year on companies simply to continue doing business in California. The Scoping Plan also recommends imposing up to \$500 million a year in new water taxes. These levies would be in addition to the tens of millions of dollars a year in fees that CARB will impose to pay for its AB 32 administrative costs.

**Higher Electricity Costs** Turning on lights and air conditioning will cost more under AB 32. Small businesses can't afford electricity rates now, much less the increased electric bills coming with AB 32. CARB's own Economic Analysis found that the Scoping Plan's 33% Renewable Portfolio Standard (RPS) will increase annual electricity costs by 11% and natural gas by 8%. LA's power costs would increase by \$700 million a year, and municipal utilities in southern California expect AB 32 to increase costs by 25% to 30%.

**Higher Fuel Costs** Transportation fuel costs far more per gallon here than the rest of the country now. The CARB analysis found that it would cost \$11 billion a year to make the fuels necessary to meet the low carbon fuel standard (LCFS), which would likely result in higher gasoline and diesel prices. In fact, based on past experience with California fuel formulation changes, consumers should expect far higher fuel costs resulting from the Scoping Plan.

**Higher Housing Costs** The Plan's Zero Net Energy (ZNE) requirements would be difficult if not impossible to achieve. In a study by the National Renewable Energy Laboratory for the Sacramento Municipal Utility District, the cost of complying with ZNE requirements was estimated to add \$50,000 or more to the cost of a new home (2500 square ft.). Such an increase would have a staggering effect on the ability of families to afford a new home.

**Higher Commercial/Industrial Building Costs** ZNE requirements are unrealistic and technologically impossible for many new commercial and industrial structures. If mandated, these facilities would be required to produce on-site power generators which would be unjustifiably expensive. Time-of-sale retrofit requirements would worsen an already difficult real estate market. Retrofits are doubly capital intensive as they require investment for the retrofit cost and can halt or severely curb an owner's revenue stream by rendering the building unusable during retrofit work.

AB 32 is California's law to reduce greenhouse gas emissions.

We support a balanced cost-effective plan to reduce greenhouse gas emissions, but the draft plan for implementing AB 32 is too costly for California companies and