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AB 32 is going to bring unique opportunities to California, but it is also going to bring real challenges and significant costs. I am a small business owner and president of the California Small Business Association. In my many recent discussions with small business leaders throughout the state I have heard the deep concern in their voices about how AB 32 is going to impact their business.

Small businesses by nature operate on narrow profit margins and don't have the lengthy business cycles where they can afford to wait for years to recoup costs or realize a return on their investments. That's why I think it's critical that as CARB moves forward in developing the rules, regulations, and next steps of implementation for AB 32, that CARB must remain committed to finding the most cost-effective strategies at every step.

Cost-effective solutions are out there – innovation and strategies that will help California meet its environmental targets while still protecting small businesses and our dynamic economy.

At the Governor's Conference on Small Business that occurred over the last two days, there was ample discussion and concrete recommendations that emerged from the small business community. We have recommended ongoing dialogue and the availability of tailored information so that small businesses are aware of what's going on, and so that CARB understands the implications of its proposals before they are locked into place.

Additionally, small businesses need more detailed assessments of the costs that they will face at each phase of this process. If there are financial assistance programs available to mitigate costs, those need to be a part of the discussion and evaluation as well.

And finally, small businesses experience many layers of costs already in California's business climate, so we urge CARB to interface with other public agencies to avoid unnecessary layers of duplicative regulations or duplicative costs.

Overall, small businesses support the environmental goals of AB 32, but we urge CARB to move prudently – identify the most cost-effective options, and truly fulfill the Governor's goals of protecting the environment, stimulating California's economy, and creating a successful model for greenhouse gas reductions that can be replicated elsewhere. Only then is California a true global leader on this critical issue.

Thank you.