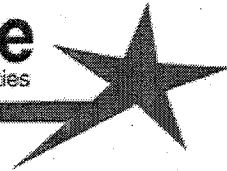


Regional Legislative Alliance

of Ventura & Santa Barbara Counties

Representing 300,000 jobs



September 24, 2008

Ms. Mary Nichols
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

Subject: AB 32 Scoping Plan

Dear Ms. Nichols:

The Regional Legislative Alliance of Ventura and Santa Barbara Counties (RLA) is a cooperative council of 11 leading chambers of commerce and associations in Santa Barbara and Ventura counties. We represent 300,000 jobs and we are a strong, unified voice for the business community working to improve and enhance the business climate.

As members of the AB 32 Implementation Group we are one of more than 160 organizations that have been actively engaged in the process of implementing AB 32 to help achieve the necessary emission reduction goals in a cost-effective and technologically feasible manner.

We are disappointed and concerned that the Scoping Plan is not supported by an economic analysis that justifies its recommendations. Because of this shortcoming, and the likely high costs of many of the approaches and measures suggested in the plan, we believe that the state is at risk of serious economic damage if we proceed down this path. To maintain its leadership position on climate change policies and to maintain the support of our citizens, California must demonstrate an economically viable approach to reducing emissions and promoting innovative technology. The costs of AB 32 implementation will impact all aspects of our economy and the lives of all Californians.

For the long term success of AB 32, it is crucial that CARB provide consumers with an accurate assessment of the associated costs and benefits.

California families and employers are now facing increasingly higher costs for food, fuel, electricity, and potentially higher state, regional and local income, sales and energy taxes. State policies already have driven electric rates higher than the rest of the country. Thousands of families can't afford existing electricity rates, much less the increased electric bills which will result from AB 32.

These families are the families of our employees.

Alliance Members:

Camarillo Chamber of Commerce, Carpinteria Valley Chamber of Commerce, Gold Coast Hispanic Chamber of Commerce, Goleta Valley Chamber of Commerce, Oxnard Chamber of Commerce, Moorpark Chamber of Commerce, Port Hueneme Chamber of Commerce, Santa Paula Chamber of Commerce, Simi Valley Chamber of Commerce, Ventura Chamber of Commerce, Ventura County Economic Development Association (VCEDA).
Capitol Circle Affiliates: The Boeing Company, Calleguas Water District, Metropolitan Water District of Southern California, Southern California Gas Company, and Western States Petroleum Association (WSPA).

California transportation fuel typically costs far more per gallon than the rest of the country partly because of our state's unique gasoline and diesel fuel formulations and high state fuel taxes. AB 32's low carbon fuel standard alone creates risks for drivers because it could prematurely force new fuels to market before they are commercially viable, while decreasing the supply and increasing the cost of widely available conventional fuels.

These fuels power our employers' delivery fleets and our employees' vehicles that take them to work and home.

California is one of the highest taxed states in the country, and the AB 32 Scoping Plan proposals could drive these taxes even higher. The plan considers a carbon tax of \$4 billion a year along with a new tax on water rates of another half a billion dollars a year. New hidden taxes are proposed for low carbon fuels on top of the high gasoline costs we pay now. In addition, California's cities, counties and regional agencies are imposing new assessments that would raise taxes on vehicles, fuels, companies and services, all of which will inevitably be passed on to consumers.

These tax paying businesses are the ones who are helping make this region viable for people who live and work in Ventura and Santa Barbara counties.

While the costs of meeting AB 32 goals will be significant no matter what strategy is pursued, markets have proven to be effective in reducing emissions, stimulating technological innovation and reducing costs. Economic experts have endorsed market mechanisms. The European Union is using them to reduce GHG emissions at lower costs. In fact, a Congressional Research Office report concluded that market mechanisms generate GHG emission reductions at five times less cost.

AB 32 requires that the best available economic modeling be used to evaluate the economic impacts of potential measures to reduce greenhouse gases. It does not appear that CARB will meet this statutory test. The Scoping Plan and addendum incorrectly suggests zero or minimal net costs for the new regulations it proposes. These overly optimistic results appear to be based on many of the same flaws in earlier studies by the Climate Action Team and others which report little or no costs when in fact it could cost billions of dollars a year.

Our state's future depends on realistic, responsible analysis and planning – we cannot afford to get it wrong. Failure to address the above concerns risks severe unintended consequences for our state's economy and the potential failure of the entire AB 32 program. Please reevaluate the scoping plan based on more accurate and realistic economic analyses.

Sincerely,

Lisa Rivas
Executive Director