



ASSEMBLY FLOOR ALERT CONCURRENCE IN SENATE AMENDMENTS

August 23, 2016

To: Members, California State Assembly

From:

California Manufacturers & Technology Association
 Agricultural Council of California
 American Petroleum and Convenience Store Association
 Association of California Egg Farmers
 Building Owners & Managers Association of California
 California Association of Wheat Growers
 California Bean Shippers Association
 California Building Industry Association
 California Business Properties Assoc.
 California Chamber of Commerce
 California Farm Bureau Federation
 California Grain and Feed Association

California Independent Oil Marketers Assoc.
 California Independent Petroleum Association
 California League of Food Processors
 California Pear Growers Association
 California Railroad Industry
 California Seed Association
 California Taxpayers Association
 Commercial Real Estate Development Association, NAIOP of California
 Family Business Association
 International Council of Shopping Centers
 National Federation of Independent Business – California
 Western States Petroleum Association

Re: **AB 197 (Eduardo Garcia) ARB, Greenhouse Gases – OPPOSE**

The organizations listed above **OPPOSE AB 197 (E. Garcia)**, as amended August 19, 2016, that creates the guise of regulatory accountability and legislative oversight regarding the post-2020 climate change blank check granted to the Air Resources Board (ARB).

AB 197, double-joined with **SB 32 (Pavley)** that seeks to establish a greenhouse gas (GHG) reductions goal of 40 percent below 1990 levels by 2030, fails to address critical concerns with the

current and proposed efforts to reduce the impact of climate change, nor do these bills deal with outstanding litigation regarding ARB's allowance auction and questions from the Legislative Analyst's Office (LAO) on the return on investment of auction revenue.

Duplicative, Unnecessary and Costly Regulations

AB 197 increases the cost of California's GHG emissions reduction mission by calling out specific sectors of our economy for direct emissions reductions measures, also known as command-and-control regulation, that ignores the flexibility required for manufacturers to meet their reduction obligations in the most cost-effective manner.

Further, by calling out specific industry sectors for direct emissions reductions, this bill may be interpreted as creating a 'cap within a cap' that puts an unduly large burden on certain parts of the economy. Again, this reduces the flexibility of regulated entities to meet their emissions reduction obligations and undermines the goal to accomplish California's statutory GHG targets in the most cost-effective manner.

Undermines Cost-Effectiveness

Additionally, the inclusion of other factors, including the "social cost of carbon" undermines the current cost-effective and technologically feasible requirement that will lead to higher compliance costs with more stringent mandates. Our decade-long experience with Global Warming Solutions Act of 2006 (AB 32) has taught us lessons about ignoring cost-effectiveness that we should apply here, not ignore them and charge ahead with higher costs to our economy.

Insufficient Oversight and Accountability = Blank Check Authority

Both houses of the Legislature have operated select committees with jurisdiction over implementation of AB 32 (2006) and/or the development of new climate change policy, so the creation of a Joint Legislative Committee on Climate Change Policies does not justify the empowerment of ARB with a post-2020 goal that does not include further limits on their authority.

Additionally, the proposal to add two legislators as non-voting ex officio members is again little more than what any interested legislator is able to do now in attending an ARB meeting or workshop. On some notable occasions, legislators have shown up at ARB meetings to express their support or opposition to actions under consideration, but apart from having a seat on the dais little would change under this bill.

For these reasons, the above-listed organizations **OPPOSE AB 197**. Please contact Michael Shaw at CMTA mshaw@cmta.net or (916) 498-3328.

cc: Assemblymember Eduardo Garcia
Lawrence Lingbloom, Assembly Natural Resources Committee
John Kennedy, Assembly Republican Caucus
Marie Liu, Office of Assembly Speaker Anthony Rendon
Martha Guzman-Aceves, Office of Governor Edmund G. Brown, Jr.