



December 10, 2008



Open letter to Ms. Mary Nichols
Chair, California Air Resources Board
1001 "I" Street
Sacramento, CA 95814



Dear Ms. Nichols:



As leaders of California's major business and taxpayer organizations, we believe it is important to bring to your attention our serious concerns about the impact the AB 32 Scoping Plan will have on companies and workers in this state. We believe the Scoping Plan seriously underestimates the costs that the plan will impose on California consumers and businesses, and the negative impact this will have on jobs and the economy. We urge California Air Resources Board (CARB) to conduct a new economic analysis to make sure the plan is the right way to protect California jobs and the economy while reducing greenhouse gas emissions.



The current plan will transform how we use energy in California, affecting every sector of our economy. Requiring the purchase of energy efficient technologies, imposing land use restrictions, increasing renewable electricity generation, changing the formulation of gasoline and limiting emissions through a cap-and-trade program are just part of the most ambitious regulatory program ever undertaken in California.



This economy-changing plan will not be cheap or easy to accomplish.



California companies and families will pay billions of dollars in higher electricity, natural gas, transportation fuel and consumer product costs. Policies aimed at residential and commercial buildings will increase the cost of a typical new home by \$50,000 and drive up costs for commercial and industrial buildings.



The business community has been skeptical of the CARB staff's findings that one of the most ambitious regulatory programs ever proposed would not increase costs. Others also doubt this rosy conclusion. Independent economists asked to review the plan concluded it underestimates costs and overestimates benefits. The California independent Legislative Analyst's Office (LAO) says that the CARB analysis is biased, incomplete and inadequate. These experts are also concerned that CARB staff failed:



- To choose emission reduction strategies that are cost-effective.
- To conduct a cash flow analysis of how and when higher energy costs would impact particular companies, and how this would impact the competitiveness of these companies.
- To adequately compare the cost of the plan's heavy reliance on direct regulation with lower cost options such as the broader use of offsets and cap and trade systems.





Keeping costs low is vital. We need a healthy economy to purchase new green technologies, provide high wage jobs, and invest in cutting-edge research and development.



For this reason, we believe the CARB Board should hear and respond to the concerns of these independent expert economists and the LAO prior to voting on the plan. In addition, we recommend that early next year CARB engage an independent team of experts to prepare a new economic analysis that addresses the deficiencies identified by the LAO and your expert economists.



A new economic analysis and improvements you can make in the Scoping Plan will help Californians feel confident that you are developing a plan that is the best possible for the environment and the economy.



Sincerely,



AB 32 Implementation Group
Aera Energy LLC–Fee Lands Group



American GI Forum
American Chemistry Council



Associated General Contractors of California
Automotive Aftermarket Industry Association
Black Business Association

Building Owners and Managers Association of California



California Alliance for Jobs

California Apartment Association

California Automotive Wholesalers' Association

California Black Chamber of Commerce

California Building Industry Association

California Business Properties Association

California Business Roundtable

California Chamber of Commerce

California Construction & Industrial Materials Association

California Forestry Association



California Hispanic Chamber of Commerce

California Independent Oil Marketers Association

California Independent Petroleum Association

California League of Food Processors

California Manufacturers and Technology Association

California Metals Coalition

California Natural Gas Association

California Nevada Cement Association

California Restaurant Association

California Retailers Association

California Small Business Alliance

California Small Business Association



CALIFORNIA APARTMENT ASSOCIATION



Kern County Black Chamber of Commerce



International Council of Shopping Centers



CONTRA COSTA TAXPAYERS ASSOCIATION

KERNTAX



California Hispanic Chambers of Commerce



California Taxpayers' Association

California Trucking Association

Carson Black Chamber of Commerce

Chemical Industry Council of California

Contra Costa Taxpayers Association

Contra Costa Council

Independent Oil Producers' Agency

Inland Empire Black Chamber of Commerce

Institute of Real Estate Management

International Council of Shopping Centers

Johnson Controls

Kern County Taxpayers Association

Kern County Black Chamber of Commerce

Latin Business Association

Los Angeles Area Chamber of Commerce

Long Beach Black Chamber of Commerce

Manufacturers Council of the Central Valley

Metal Finishing Association of Southern California

National Association of Industrial and Office Properties

National Association of Women Business Owners, Sacramento Valley

National Federation of Independent Business

Oakland African American Chamber of Commerce

Orange County Business Council

Orange County Taxpayers Association

Small Business Action Committee

Regional Black Chamber of Commerce, San Fernando Valley

Regional Legislative Alliance of Ventura and Santa Barbara Counties

Sacramento Black Chamber of Commerce

San Diego Urban Economic Corporation

Santa Rosa Chamber of Commerce

Solano County Black Chamber of Commerce

Surface Technology Association

United Chambers of Commerce, San Fernando Valley & Region

West Coast Environmental and Engineering

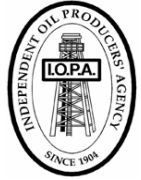
Western Electrical Contractors Association, Inc

Western States Petroleum Association

Wine Institute



Los Angeles Area Chamber of Commerce



California Small Business Association



"California's Clean Energy Source"



santa rosa chamber of commerce

