



August 8, 2014

The Honorable Henry Perea
 California State Assembly
 State Capitol
 Sacramento, CA 95814

Dear Assembly Member Perea:

On behalf of the above listed organizations, we strongly support your amended Assembly Bill 69 to delay for three years expansion of California's cap and trade program to transportation fuels. We share your concern that the impacts of this regulation will come as an unpleasant surprise to the individuals and businesses forced to absorb the higher costs for gasoline, propane and diesel fuels, on top of fuel costs that already are among the nation's highest.

This expanded regulation must not happen until the California Air Resources Board (CARB) fully and transparently assesses and communicates the effects of the expansion to the public. This is necessary to ensure that the public fully understands the impacts on individuals and to the state's economic well-being.

Families and businesses still struggling to emerge from the difficult economy need to know that fuel costs likely will increase by 16 cents to 76 cents, according to CARB's own economic analysis. CARB also must make it clear that its cap and trade program will introduce increased volatility into the state's gasoline and diesel markets that could trigger major swings to fuel prices, in addition to the 68 cents a gallon we already pay in state and federal fuel taxes.

Increased fuel costs disproportionately affect individuals and families least able to afford them. Many of hardworking, low-income Californians rely on vehicles – which are often older and less efficient – to get to work and put food on the family table. Residents of rural areas who typically commute farther from home to work and where alternative transportation is less available take a harder hit from higher gas prices. Some of these Californians already spend up to 40 percent of their family incomes on transportation and can ill-afford the added costs this regulation will impose on them.

AB 69 provides a reasonable and welcome respite from the planned January 2015 cap and trade expansion, giving CARB staff more time to evaluate consumer and businesses impacts, to ensure consumer protections from cost increases of transportation fuels and to implement a vigorous public information effort. AB 69 also provides CARB additional time to consider alternative approaches to reduce greenhouse gas emission from the transportation sector – alternatives that would have fewer adverse impacts for consumers and businesses.

In order to remedy the inadequate evaluation and disclosure of potential fuel price increases and related impacts associated with expanding the cap and trade program to transportation fuels, AB 69 is worthy of broad, bi-partisan support and we thank you for coming forward with this courageous amendment.

Sincerely,

American Trucking Associations
Associated Builders and Contractors
BizFed
Building Owners and Managers Association of California
Cal Asian Chamber of Commerce
California Business Properties Association
California Business Roundtable
California Construction Trucking Association
California Farm Bureau Federation
California Independent Oil Marketers Association
California Lodging Industry Association
California Retailers Association
California Senior Advocates League
California Small Business Alliance
California Trucking Association
Coalition of Energy Users
Greater Bakersfield Chamber of Commerce
Howard Jarvis Taxpayers Association
Independent Oil Producers' Agency
Inland Empire Chamber Legislative Alliance
International Council of Shopping Centers
International Faith Based Coalition
International Warehouse Logistics Association
Kern County Hispanic Chamber of Commerce
Kern County Taxpayers Association
Kern Economic Development Corporation
Montclair Chamber of Commerce
NAIOP of California, the Commercial Real Estate Development Association
National Federation of Independent Business – California
Owner-Operator Independent Drivers Association
San Diego Tax Fighters
Santa Barbara County Taxpayers Association

Santa Barbara Industry & Technology Association
Small Business Action Committee
South Bay Latino Chamber of Commerce
Western Growers
Western Propane Gas Association
Western States Petroleum Association