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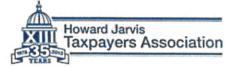












June 27, 2014

Mary Nichols, Chair California Air Resources Board 1001 | St. P.O. Box 2815 Sacramento, CA 95812

Re: Transportation Fuels inclusion in the Cap and Trade Program

Dear Chair Nichols:

On behalf of the above listed organizations, we urge you to delay expansion of the cap and trade program to gasoline and diesel, currently scheduled to become effective January 1, 2015.

Starting in January the people of California become direct stakeholders in the cap and trade program and they deserve to be informed about how this proposed expansion of the program will directly impact their pocketbooks and family budgets. It has become clear that this extension of California's cap and trade program to fuels will have a serious impact on fuel markets and fuel consumers resulting in impacts that have not been thoroughly studied or understood. Large

price increases throughout California are inevitably going to have a significant effect on California's businesses, economy and residents.

According to the California Air Resources Board's own economic impact analysis, fuel costs will increase a minimum of 16 cents per gallon, based on the market price of carbon credits. In fact, Senate pro Tem Darrell Steinberg earlier this year warned against the certain cost increase on gasoline and diesel as a result of ARB's cap and trade program on fuels.

Expanding the cap and trade program to include transportation fuels will hit low-income and middle-income families along with small businesses the hardest. Increasing transportation fuel costs on families and businesses without having a full and thorough analysis of the impact of those cost increases is not appropriate.

Finally, we are concerned that linking gasoline and diesel costs to carbon markets will inject unacceptable volatility into California's fuel markets. At a speech before the Sacramento Press Club in 2014 Senator Steinberg stated, "Under Cap and Trade, no one can tell us whether fuels will trade at 10 cents or 40 cents a gallon in 2015, at any given time without warning." Not only will businesses and consumers potentially see higher costs, they will also see those costs undergo wide swings and upheavals – something we all know causes enormous anxiety and turmoil.

We urge you to delay expansion of the cap and trade program to gasoline and diesel to better prepare California consumers for the higher fuel costs and market volatility they are likely to experience if the cap and trade program is expanded to fuels as currently scheduled.

Sincerely,

California Chamber of Commerce California Taxpavers Association California Trucking Association CIOMA Biz Fed International Warehouse Logistics Association California Business Roundtable Western States Petroleum Association California League of Food Processors California Manufacturers and Technology Association California Grocers Association National Federation of Independent Business - California LA Area Chamber of Commerce California Citrus Mutual Fresno Chamber of Commerce

Small Business Action Committee Small Business Alliance San Diego Tax Fighters Kern County Taxpayers Association California Construction Trucking Association Associated Builders and Contractors of California Regional Hispanic Chamber of Commerce Coalition of Energy Users CalAsian Chamber of Commerce South Bay Latino Chamber of Commerce Kern Economic Development Corporation Kern County Hispanic Chamber of Commerce Santa Barbara County Taxpayers Association Santa Barbara Industry & Technology Association Howard Jarvis Taxpayers Association