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KEEPING TABS ON CALIFORNIA BUSINESS AND POLITICS

It’s Time to Hold Climate Change Policy-Makers Accountable

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In reaction to the election of Donald Trump California’s Governor, state legislature and Air Resources Board have made clear their intention to double down on our state’s already strictest-in-the-nation climate change policies.

Making such claims is easy when ignoring the current cost burden of the state’s climate policies on consumers and businesses, and how much more the costs will skyrocket under increasingly high greenhouse gas reduction targets.

Unelected bureaucrats at the California Air Resources Board have resisted any legitimate attempt at conducting a comprehensive economic analysis of AB 32, the state’s landmark 1996 global warming law– either during the rulemaking process or once the regulations took effect. CARB is attempting more of the same with the newly established 2030 40% emissions reduction target.

The significant consequences of this one-sided approach are being ignored as part of the policy and regulation development process. These rules will have real-life cost impacts on every major industry in California and every resident, who will see higher prices for food, electricity, gasoline, housing and just about all the necessities of life.

Higher costs, in addition to increasing consumer prices across the board, make California businesses less competitive with out-of-state companies. These have already resulted in a sharp decline in jobs, notably well-paying blue-collar jobs in the manufacturing, oil and gas and construction sectors, and a concurrent loss of tax revenues that support education, public safety, and social service programs.

It doesn’t have to be this way. Sacramento lawmakers should demand that state agencies like CARB conduct objective economic analyses in order to craft balanced climate change regulations that will not exponentially increase costs on California’s businesses and families—especially those in lower income communities, which pay a larger share of their income in energy and transportation costs. Any increases created by new regulations will disproportionately impact those families who can least afford it.

Independent studies and subject matter experts have waved a warning flag about the economic impact and its burden on families and businesses. A recent study has shown that our climate change agenda will increase costs by $3,000 per year for every family in California. The Director of Stanford University’s Precourt Energy Efficiency Center has cautioned that achieving the new 2030 goal would likely entail “large economic costs,” and lead to a “less diversified and more fragile state economy.”

CARB has initially estimated that its new regulations could cost100,000 jobs and result in the loss of up to $14 billion in gross economic output, which the agency brushes off as relatively immaterial in the context of the state’s overall economy.

Among regulatory initiatives being considered in CARB’s recently updated AB 32 Scoping Plan are: forcing higher density of commercial and residential developments; developing “pricing mechanisms” such as road user/vehicle miles traveled-based pricing, congestion prices and parking pricing strategies; creating expensive multiple “incentives” to make electric vehicles artificially more affordable than conventional vehicles and imposing arbitrary and unrealistic quotas for market penetration; and forcing decreases in the use of affordable, widely available fossil natural gas. These and other proposed mandates will significantly increase the cost and availability of housing, electricity, gasoline and diesel fuel and the cost of manufacturing and transporting goods produced in California with a chilling effect on jobs and revenues.

California can do better. Sacramento legislators have an opportunity to provide essential oversight over a regulatory body to ensure their constituents and the businesses they represent are not unduly burdened. It’s important to note that because California generates less than one percent of worldwide greenhouse gas emissions, which know no boundaries, the hardships our state’s climate policies impose on its people and economy have little more than symbolic value. This is why CARB must conduct a comprehensive economic analysis now, to weigh how aggressively we should get ahead of other states or nations with regard to climate policies.

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