

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: May 25, 2010

TO: Honorable Members of the Information Technology and Government Affairs
Committee

FROM: Gerry F. Miller 
Chief Legislative Analyst

Assignment No. 10-05-0451
Council File No. 10-0002-S43

SUBJECT: Resolution (Reyes – Garcetti) on State Propositions that would suspend AB 32

CLA RECOMMENDATION: Resolution (Reyes – Garcetti) that would include in the City's 2009-2010 State Legislative Program **OPPOSITION** to initiatives and ballot propositions that would suspend AB 32's air pollution control laws that require major polluters to report and reduce greenhouse gas emissions that cause global warming.

SUMMARY

Resolution (Reyes – Garcetti) is in opposition to ballot propositions proposed for the statewide November ballot that would suspend AB 32's air pollution control laws. AB 32, the Global Warming Solution Act, was passed by the California legislature in 2006, and calls for greenhouse gas emissions in California to be reduced to 1990 levels by 2020. The Resolution states that AB 32 was widely supported by businesses, labor groups, environmentalists, and health organizations, and that it has stimulated innovation in clean energy industries that are creating new green jobs in California.

The Resolution states that opponents of AB 32 are now seeking to put a ballot proposition on the state's November ballot that would, if passed, suspend AB 32's implementation. The Resolution notes that the suspension of AB 32's requirements could lead to more air pollution in California and harm the state's newly emerging clean energy industry.

Summary of Initiative to Suspend AB 32

On December 22, 2009, Thomas Hiltachk, the managing partner of the California law firm Bell, McAndrews, and Hiltachk, submitted a proposed statewide ballot measure to the state's Attorney General. That proposed initiative is entitled the California Jobs Initiative, and would suspend the implementation of AB 32 until the unemployment rate in California falls to a level of 5.5% or less for four consecutive calendar quarters.

Backers of the Initiative state that they filed petitions with over 800,000 signatures in support of the measure to the State on May 3rd. 435,000 valid signatures are required to qualify for the November ballot; the signatures submitted are currently being verified.

Background

AB 32 requires the California Air Resources Board (CARB) to adopt procedures that monitor greenhouse gas emissions that result from various industrial sectors, and to adopt regulations and rules and market mechanisms that govern emissions designed to reduce overall emissions to 1990 levels by 2020. Under AB 32, CARB is required to formally adopt those regulations by

2011, and those regulations are to go into effect and become legally enforceable on January 1, 2012. CARB is currently conducting workshops and hearings on the development of those regulations.

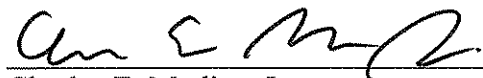
Discussion

Proponents of the Initiative maintain that AB 32's requirements to reduce emissions will cost Californians billions of dollars and result in increases in the price of gasoline, electricity, food, and water. They also argue that businesses in the state will have difficulty meeting additional costs resulting from increased regulations and that this will result in job losses, pay-cuts, and businesses moving out of the state.

Opponents of the Initiative state that AB 32 has already led to increased investment in green industries in California, and point to investment in the green-energy market tripling to \$3.3 billion in the two years following AB 32 being passed, 40 percent of clean-technology venture capital in the country going to California-based companies in 2009, and an increase in the total number of green jobs in the state despite decreasing numbers of other jobs and increasing unemployment in other sectors.

Opponents also state that the proposal would in effect kill AB 32, arguing that the proposal calls for the suspension of AB 32 until California's unemployment rate falls to a fixed level rarely achieved. The text of the Initiative would suspend AB 32 until California's unemployment rate is at 5.5% or lower for a full year. The state's current unemployment rate is at 13%. According to US Bureau of Labor statistics, since 1990 California has had 2 periods (each of 30 months) in which unemployment remained at or below 5.5% for at least one year -- February 1999 through July 2001, and April 2005 through September 2007. The average unemployment rate in California since 1990 has been 7%.

Opposition to the proposed Initiative would be consistent with past City positions, including its support of AB 32 when the bill was before the state legislature in 2006 (see CF 05-0002-S114), its adoption of a Renewable Portfolio Standard that calls for 20% of its energy be generated from renewable sources by 2010 (CF 03-2064-S1), and its support of federal legislation that would reduce greenhouse gas emissions (CF 09-0002-S97).



Charles E. Modica, Jr.
Analyst

Attachments:

- (1) Resolution
- (2) Proposed California Jobs Initiative

10-0002-543

RESOLUTION

MAY 04 2010

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must first have been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, four years ago the State of California passed AB 32, a clean air law that holds polluters accountable for their emissions and requires them to reduce air pollution that threatens human health and that contributes to climate change; and

WHEREAS, AB 32 was widely supported by businesses, labor groups, environmentalists, and health organizations; and

WHEREAS, AB 32 builds on decades of state policies on green energy, and has launched California to the forefront of the clean technology industry – sparking innovation and clean energy businesses that are creating new green jobs in California; and

WHEREAS, groups opposed to AB 32, including large oil companies, are have circulated initiative petitions that propose a ballot proposition that would suspend the implementation of AB 32 unless California's unemployment rate were do drop to a fixed level that has rarely been achieved; and

WHEREAS, suspending AB 32 would create more air pollution in California and threaten public health, including instances of asthma, lung disease, and premature deaths; and

WHEREAS, suspending AB 32 would also devastate California's newly emerging clean energy industry that is currently providing new green jobs to the state while developing wind, solar, and other renewable energies and clean technologies that will reduce energy costs and dependence on non-renewable and polluting fossil fuels;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2009-2010 State Legislative Program OPPOSITION to initiatives and ballot propositions on AB 32 which would suspend AB 32's air pollution control laws that require major polluters to report and reduce greenhouse gas emissions that cause global warming.

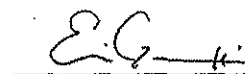
PRESENTED BY:



Ed P. Reyes
Councilmember, 1st District

MAY 4 2010

SECONDED BY:



ORIGINAL

Initiative Measure to be Submitted to Voters

California Jobs Initiative

SECTION 1. STATEMENT OF FINDINGS

- A. In 2006, the Legislature and Governor enacted a sweeping environmental law, AB 32. While protecting the environment is of utmost importance, we must balance such regulation with the ability to maintain jobs and protect our economy.
- B. At the time the bill was signed, the unemployment rate in California was 4.8%. California's unemployment rate has since skyrocketed to more than 12%.
- C. Numerous economic studies predict that complying with AB 32 will cost Californians billions of dollars with massive increases in the price of gasoline, electricity, food and water, further punishing California consumers and households.
- D. California businesses cannot drive our economic recovery and create the jobs we need when faced with billions of dollars in new regulations and added costs; and
- E. California families being hit with job losses, pay cuts and furloughs cannot afford to pay the increased prices that will be passed onto them as a result of this legislation right now.

SECTION 2. STATEMENT OF PURPOSE

- A. The people desire to temporarily suspend the operation and implementation of AB 32 until the state's unemployment rate returns to the levels that existed at the time of its adoption.

SECTION 3. SUSPENSION OF AB 32

Division 25.6 (commencing with section 38600) of the Health and Safety Code is hereby added to read:

- §38600(a) From and after the effective date of this measure, Division 25.5(commencing with section 38500) of the Health and Safety Code is suspended until such time as the unemployment rate in California is 5.5% or less for four consecutive calendar quarters.
- (b) While suspended, no state agency shall propose, promulgate, or adopt any regulation implementing Division 25.5(commencing with section 38500) and any regulation adopted prior to the effective date of this measure shall be void and unenforceable until such time as the suspension is lifted.