



June 27, 2014

The Honorable Jerry Brown
 Governor of California
 California State Capitol
 Sacramento, CA 95814

Re: Transportation Fuels inclusion in the Cap and Trade Program

Dear Governor Brown:

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 Taxpayers 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

cc: Members of California State Senate
Members of California State Assembly