



SEN. GEORGE RUNNER (RET.)

VICE CHAIR
STATE BOARD OF EQUALIZATION
CALIFORNIA'S TAX BOARD

March 10, 2015

Assembly Member Das Williams, Chair
Assembly Natural Resources Committee
1020 N Street, Room 164
Sacramento, CA 95814

RE: ASSEMBLY BILL 23 (PATTERSON) – Affordable Gas for California Families Act ▪ SUPPORT ▪

Dear Assembly Member Williams,

I am writing in strong support of Assembly Bill 23 because I am greatly concerned about the effect the regulation recently implemented by California Air Resources Board (CARB) is having on my constituents.

Beginning January 1, 2015, transportation fuels were included in the state's cap-and-trade program. Previously, the market-based compliance mechanism only covered large industrial facilities; however, with the adoption of this new regulation, it has been expanded to include carbon-based transportation fuels, including gasoline, diesel and natural gas.

While I understand CARB was tasked with implementing a program that would achieve the goals of Assembly Bill 32, this particular regulation was conceived by CARB without legislative oversight or a thorough review of its potential impacts on the economy, as required by AB 32.

Moreover, there is no language in AB 32 that requires gasoline and diesel to be part of the state's cap-and-trade program. Including transportation fuels in a market-based compliance mechanism will link the cost of gasoline and diesel to potentially volatile carbon markets, making fuel costs unpredictable for motorists. Although falling gas prices masked its immediate impact, the gap between California's gas prices and the rest of the nation has grown.

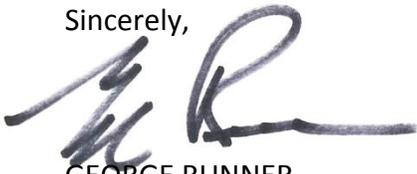
This unpredictability is simply unacceptable to families and business owners who must rely on a monthly budget. Even a small increase in fuel prices hurts Californians. Additionally, the district I

represent is predominantly rural, which means residents must drive longer distances and would be disproportionately impacted by an increase in fuel prices.

Since CARB will not reconsider reversing the regulation that has essentially levied a “hidden gas tax” on hardworking Californians, the Legislature must support AB 23—the Affordable Gas for California Families Act—which will retroactively repeal the compliance obligations for entities that did not have a cap-and-trade compliance obligation prior to January 1, 2015, thereby eliminating the hidden gas tax.

For these reasons, I support AB 23 and urge your “aye” vote when it is heard before the Natural Resources Committee on March 23.

Sincerely,

A handwritten signature in dark ink, appearing to read 'G. Runner', written over a light blue horizontal line.

GEORGE RUNNER
1st District

cc: Assemblymember Patterson
Julia King, Assembly Republican Consultant