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Another view: AB 32 is a bad idea for state's environment

By Margo Thorning — Special to The Bee

Margo Thorning is responding to The Bee's Aug. 9 editorial "Pass AB 32/State could lead the clean energy market." Thorning has a doctorate in economics and is senior vice president and chief economist at the American Council for Capital Formation. Web site: www.accf.org.

Instead of continuing California's leadership in innovation to protect its environment, state policymakers are poised to vote on Assembly Bill 32 — new regulations that will hurt the environment and damage the state's growing economy, a lose-lose for all Californians.

Meeting the draconian, California-only emission caps mandated in AB 32 and "going it alone" is a policy that would damage the state's economy, drive up energy costs and could even damage the environment it purports to protect.

We question any claims by California-only emissions cap proponents that limiting energy choices for families, making gasoline and elec-

tricity more expensive through these concealed taxes or forcing electric utilities to change their plans for obtaining electricity will not hurt all California residents.

Specifically, according to a new analysis by the American Council for Capital Formation, AB 32 and the arbitrary California-only emissions cap it implements would mean higher energy costs for California consumers and millions of dollars in lost gross state product and jobs. Further, AB 32 is likely to drive industry to states and countries with no mandatory emission caps, resulting in significant job losses but no net reduction of greenhouse gas emissions — potentially worsening our environment.

Californians should also be concerned that the economic analysis that our policymakers are depending upon for this huge policy change is seriously flawed. The proponents' economic modeling appears to be based on guesses, because careful analysis of most of the strategies being considered

is not yet complete. California should not move forward with this far-reaching plan without a detailed, peer-reviewed economic analysis.

Policymakers should instead focus their efforts on ways to improve California's economy and its environment, including improving the tax treatment of new investment through faster depreciation and investment tax credits, which could reduce growth of greenhouse gas emissions as well as enhance productivity growth. Further, we should continue to support measures such as the Asia-Pacific Partnership — an agreement with developing countries to promote economic development and the spread of clean, lower-emitting energy technology.

It is clear that there is a better way for California to lead in this fight against global climate change. But AB 32 will only drive up consumer prices, hurt California's economy and may actually worsen our environment.