

# SAVE OUR JOBS

## STOP CARB'S JOB-KILLING EMISSIONS TAX

### Questions and Answers About the Hidden Taxes in CARB's Cap and Trade Proposal

**Q. Isn't cap and trade about lowering greenhouse gas emissions associated with global warming? How does it work?**

A. *Cap and trade establishes a ceiling, or "cap," on GHG emissions from energy producers and energy users. In order to give companies flexibility in meeting those emissions standards, allowances will be issued that can be "traded" to balance out emissions between facilities that can immediately reduce their emissions and facilities that need more time to get there. The net result is some facilities are over, some facilities are under, but we get the total emissions reduction mandated under AB 32.*

**Q. That makes sense. So where do the taxes come in?**

A. *Recognizing that moving to a lower carbon economy will be expensive and take time, CARB originally planned to issue 100% free allowances. But in an arbitrary and questionable decision, CARB has changed the rules and now wants certain regulated industries to pay for up to 10% of their allowances, which in effect is a tax. That could cost millions or even billions of dollars.*

**Q. Is CARB even allowed to do this? Doesn't it take the Legislature or a vote of the people to impose taxes?**

A. *Good question. Many believe CARB has overstepped its authority and can't legally assess this tax. But while the legal issues are being worked out, we'll be faced with a \$2 billion tax that will kill jobs and further devastate our economy.*

**Q. What does that have to do with jobs?**

A. *CARB observes that a cap and trade tax on energy producers will drive up the cost of energy. Similarly, a cap and trade tax on manufacturers will drive up the cost of goods. When energy and production costs go up, employers have to cut back elsewhere to make up the difference. And it is highly likely that the first thing to go will be jobs. With over 2 million Californians already unemployed, that's a "haircut" we can't afford.*

**Q. Won't those folks just pass their higher costs on to their customers?**

*A. They can't, and still be competitive with businesses in other states that don't have a cap and trade tax. Economists and government agencies agree that unless other states have similar programs, a California-only policy will result in "leakage" of jobs, businesses and economic activity to other states and countries.*

**Q. But isn't California part of a multi-state group that is adopting cap and trade throughout the West?**

*A. Actually all the other US states in the Western Climate Initiative, which had originally planned to partner with California in a regional cap and trade program, have abandoned their cap and trade plans in order to protect their economies. California would be going it alone.*

**Q. Don't we need to do this anyway, to help fight global warming?**

*A. Unfortunately, we'd be sacrificing those jobs and further crippling California's economy by being the only state to adopt a cap and trade policy. CARB itself acknowledges that California acting alone can't have a meaningful impact on global warming since we generate only a small fraction of the world's greenhouse gas emissions. All we'd be doing is exporting those emissions to other states that don't have cap and trade.*

**Q. Does this mean we should forget about cap and trade in California?**

*A. Not necessarily. But if we're going to be the only state to do it we have to do it wisely and responsibly. We should make it easier, not harder, for companies to reduce their greenhouse gas emissions. A good first step would be to get rid of the job killing emissions tax CARB is set to approve at its next board meeting.*