

July 13, 2017

The Honorable Eduardo Garcia
California State Assembly
State Capitol, Room 4140
Sacramento, CA 95814

**SUBJECT: AB 398 (E. GARCIA) CALIFORNIA GLOBAL WARMING SOLUTIONS ACT OF 2006:
MARKET-BASED COMPLIANCE MECHANISMS: FIRE PREVENTION FEES: SALES
AND USE TAX MANUFACTURING EXEMPTION**

Dear Assembly Member Garcia:

The California Chamber of Commerce is pleased to **SUPPORT** your **AB 398 (E. Garcia)** as amended July 10, 2017, which will help maintain a healthy economy and provide the least costly path to achieving our climate goals by extending cap-and-trade to 2030.

Last year California passed SB 32/Pavley, a measure that adopted the most ambitious greenhouse gas (GHG) reduction goal in this or any other country. By 2030, Californians must reduce carbon emissions by 40 percent below our already-constrained 2020 levels. SB 32, however, did not authorize the least costly approach to reach the 2030 greenhouse gas reduction goal.

AB 398 would create a market based approach of cap-and-trade, which would provide the largest GHG emission sources with more flexibility and is less expensive to consumers than the command-and-control scheme embodied in SB 32.

According to the nonpartisan Legislative Analyst's Office, authorizing cap-and-trade beyond 2020 "is likely the most cost-effective approach to achieving the 2030 GHG target." The Analyst compared the costs of cap-and-trade with direct regulation and found mandates to be two- to ten-times more expensive than a market mechanism.

A well-designed implementation strategy as included in **AB 398** will drive the best result at the lowest price.

For these reasons, we are pleased to **SUPPORT** your **AB 398**.

Sincerely,

Amy Mmagu
Policy Advocate

cc: Catalina Hayes-Bautista, Office of the Governor
District Office, The Honorable Eduardo Garcia

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