

2010

SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR

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SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

- Suspends State law that requires greenhouse gas emissions be reduced to 1990 levels by 2020, until California’s unemployment drops to 5.5 percent or less for four consecutive quarters.
- Suspends comprehensive greenhouse-gas-reduction program that includes increased renewable energy and cleaner fuel requirements, and mandatory emissions reporting and fee requirements for major emissions sources such as power plants and oil refineries.

Summary of Legislative Analyst’s Estimate of Net State and Local Government Fiscal Impact:

- The suspension of AB 32 could result in a modest net increase in overall economic activity in the state. In this event, there would be an unknown but potentially significant net increase in state and local government revenues.
- Potential loss of a new source of state revenues from the auctioning of emission allowances by state government to certain businesses that would pay for these allowances, by suspending the future implementation of cap-and-trade regulations.
- Lower energy costs for state and local governments than otherwise.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Global Warming and Greenhouse Gases.

Greenhouse gases (GHGs) are gases that trap heat from the sun within the earth’s atmosphere, thereby warming the earth’s temperature. Both natural phenomena (mainly the evaporation of water) and human activities (principally burning fossil fuels) produce GHGs. Scientific experts have voiced concerns that higher concentrations of GHGs resulting from human activities are increasing global temperatures, and that such global temperature rises could eventually cause significant problems. Such global temperature increases are commonly referred to as global warming, or climate change.

As a populous state with a large industrial economy, California is the second largest emitter of GHGs in the United States and one of the largest emitters of GHGs in the world. Climate change is a global issue necessitating an international approach. Actions in California regarding GHGs have been advocated on the basis

that they will contribute to a solution and may act as a catalyst to the undertaking of GHG mitigation policies elsewhere in our nation and in other countries.

Assembly Bill 32 Enacted to Limit GHGs. In 2006, the state enacted the California Global Warming Solutions Act of 2006, commonly referred to as Assembly Bill 32 or “AB 32.” This legislation established the target of reducing the state’s emissions of GHGs by 2020 to the level that emissions were at in 1990. It is estimated that achieving this target would result in about a 30 percent reduction in GHGs in 2020 from where their level would otherwise be in the absence of AB 32.

Assembly Bill 32 requires the state Air Resources Board (ARB) to adopt rules and regulations to achieve this reduction. The law also directs ARB, in developing these rules and regulations, to take advantage of opportunities to improve air quality, thereby creating public health benefits from the state’s GHG emission reduction activities.

Other Laws Would Reduce GHG Emissions.

In addition to AB 32, a number of other state laws have been enacted by the Legislature that would reduce GHG emissions. In some cases, the main purpose of these other laws is specifically to reduce GHG emissions. For example, a 2002 law requires the ARB to adopt regulations to reduce GHG emissions from cars and smaller trucks. Other laws have authorized various energy efficiency programs that could have the effect of reducing GHG emissions, although this may not have been their principal purpose.

“Scoping Plan” to Reach GHG Emission

Reduction Target. As required by AB 32, the ARB in December 2008 released its plan on how AB 32’s GHG emission reduction target for 2020 would be met. The plan—referred to as the AB 32 Scoping Plan—encompasses a number of different types of measures to reduce GHG emissions. Some are measures authorized by AB 32, while others are authorized by separately enacted laws. Some of these measures have as their primary objective something other than reducing GHGs, such as reducing the state’s dependency on fossil fuels.

The plan includes a mix of traditional regulatory measures and market-based measures. Traditional regulations, such as energy efficiency standards for buildings, would require individuals and businesses to take specific actions to reduce emissions. Market-based measures provide those subject to them greater flexibility in *how* to achieve GHG emission reductions. The major market-based measure included in the Scoping Plan is a “cap-and-trade” program. Under such a program, the ARB would set a limit, or *cap*, on GHG emissions; issue a limited number of emission allowances to emitters related to the amount of GHGs they emit; and allow emitters covered by the program to buy, sell, or *trade* those emission allowances.

Some measures in the Scoping Plan have already been adopted in the form of regulations. Other regulations are either currently under development or will be developed in the near future. Assembly Bill 32 requires that all regulations for GHG

emission reduction measures be adopted by January 1, 2011, and in effect by January 1, 2012.

Fee Assessed to Cover State’s Administrative Costs. As allowed under AB 32, the ARB has adopted a regulation to recover the state’s costs of administering the GHG emission reduction programs. Beginning in fall 2010, entities that emit a high amount of GHGs, such as power plants and refineries, must pay annual fees that will be used to offset these administrative costs. Fee revenues will also be used to repay various state special funds that have made loans totaling \$83 million to the AB 32 program. These loans have staggered repayment dates that run through 2014.

The Economic Impact of Implementing the Scoping Plan. The implementation of the AB 32 Scoping Plan will reduce levels of GHG emissions and related air pollutants by imposing various new requirements and costs on certain businesses and individuals. The reduced emissions and the new costs will both affect the California economy. There is currently a significant ongoing debate about the impacts to the California economy from implementing the Scoping Plan. Economists, environmentalists, and policy makers have voiced differing views about how the Scoping Plan will affect the gross state product, personal income, prices, and jobs. The considerable uncertainty about the Scoping Plan’s “bottom-line” or net impact on the economy is due to a number of reasons. First, because a number of the Scoping Plan measures have yet to be fully developed, the economic impacts will depend heavily on how the measures are designed in the public regulatory process. Second, because a number of the Scoping Plan measures are phased in over time, the full economic impacts of some measures would not be felt for several years. Third, the implementation of the Scoping Plan has the potential to create both positive and negative impacts on the economy. This includes the fact that there will be both “winners” and “losers” under the implementation of the Scoping Plan for particular economic sectors, businesses, and individuals.

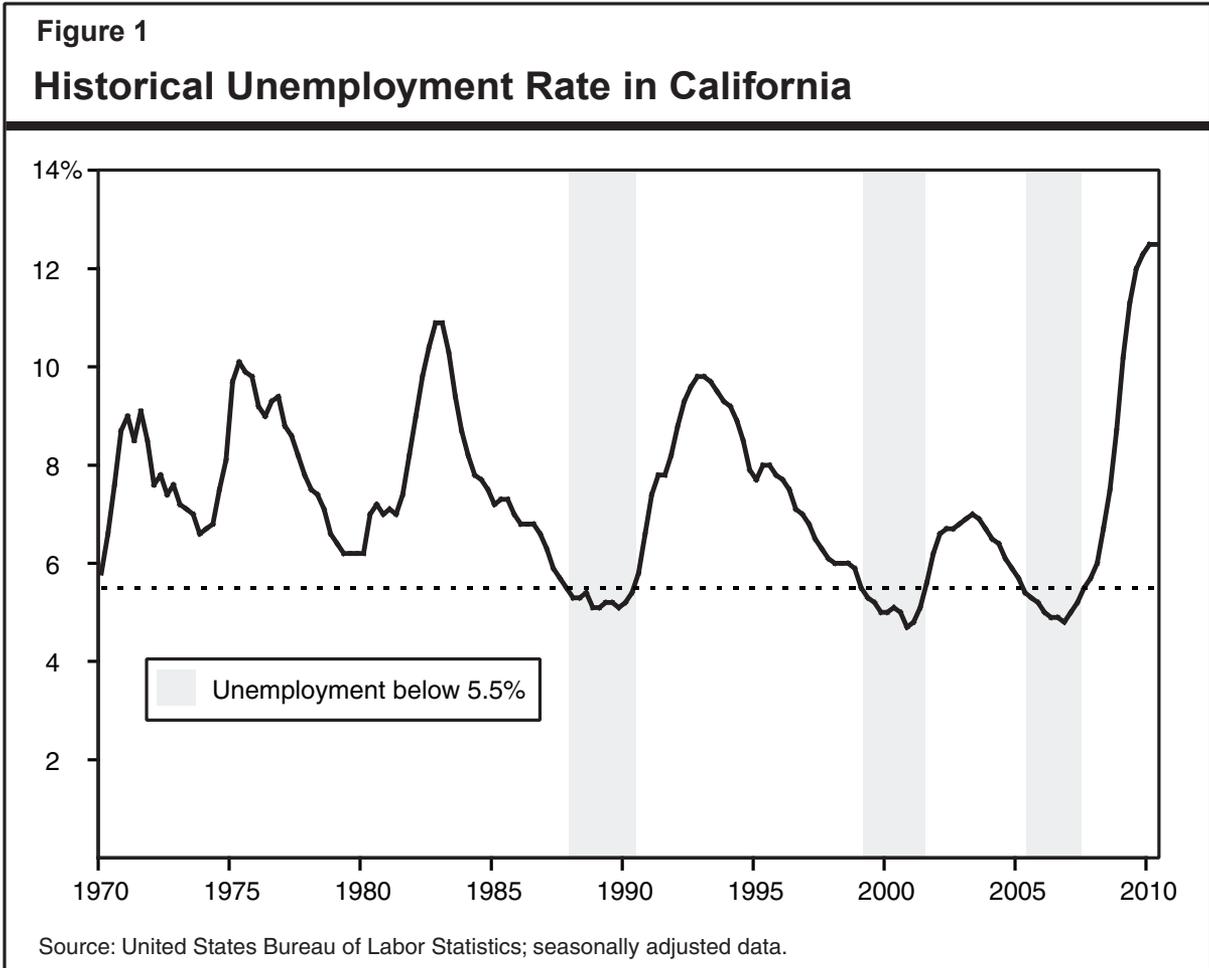
A number of studies have considered the economic impacts of the Scoping Plan implementation in 2020—the year when AB 32’s GHG emission reduction target is to be met. Those studies that have looked at the economic impacts from a relatively broad perspective have, for the most part, found that there will be some modest reduction in California’s gross state product, a comprehensive measure of economic activity for the state. These findings reflect how such things as more expensive energy, new investment requirements, and costs of regulatory compliance combine to increase the costs of producing materials, goods, and services that consumers and businesses buy. Given all of the uncertainties involved, however, the net economic impact of the Scoping Plan remains a matter of debate.

PROPOSAL

This proposition suspends the implementation of AB 32 until the unemployment rate in California is 5.5 percent or less for four consecutive quarters. During the suspension period, state agencies are prohibited from proposing or adopting new regulations, or enforcing previously adopted regulations, that would implement AB 32. (Once AB 32 went back into effect, this measure could not suspend it again.)

IMPACTS OF THIS PROPOSITION ON CLIMATE CHANGE REGULATION

AB 32 Would Be Suspended, Likely for Many Years. Under this proposition, AB 32 would be suspended immediately. It would remain suspended until the state’s unemployment rate was



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ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

5.5 percent or less for four consecutive quarters (a one-year period). We cannot estimate when the suspension of AB 32 might end. Figure 1 provides historical perspective on the state’s unemployment rate. It shows that, since 1970, the state has had three periods (each about ten quarters long) when the unemployment rate was at or below 5.5 percent for four consecutive quarters or more. The unemployment rate in California for the first two quarters of 2010 was above 12 percent. Economic forecasts for the next five years have the state’s unemployment rate remaining above 8 percent. Given these factors, it appears likely that AB 32 would remain suspended for many years.

Various Climate Change Regulatory Activities Would Be Suspended. This proposition would result in the suspension of a number of measures in the Scoping Plan for which regulations either have been adopted or are proposed for adoption. Specifically, this proposition would likely suspend:

- The proposed cap-and-trade regulation discussed above.
- The “low carbon fuel standard” regulation that requires providers of transportation fuel in California (such as refiners and importers) to change the mix of fuels to lower GHG emissions.
- The proposed ARB regulation that is intended to require privately and publicly owned utilities and others who sell electricity to obtain at least 33 percent of their supply from “renewable” sources, such as solar or wind power, by 2020. (The current requirement that 20 percent of the electricity obtained by privately owned utilities come from renewable sources by 2010 would not be suspended by this proposition.)
- The fee to recover state agency costs of administering AB 32.

Much Regulation in the Scoping Plan Would Likely Continue. Many current activities related to addressing climate change and reducing GHG emissions would probably not be suspended by this proposition. That is because certain Scoping

Plan regulations implement laws other than AB 32. The regulations that would likely move forward, for example, include:

- New vehicle emission standards for cars and smaller trucks.
- A program to encourage homeowners to install solar panels on their roofs.
- Land-use policies to promote less reliance on vehicle use.
- Building and appliance energy efficiency requirements.

We estimate that more than one-half of the emission reductions from implementing the Scoping Plan would come because of laws enacted separately from AB 32.

FISCAL EFFECTS

Potential Impacts on California Economy and State and Local Revenues

There would likely be both positive and negative impacts on the California economy if AB 32 were suspended. These economic impacts, in turn, would affect state and local government revenues. We discuss these effects below.

Potential Positive Economic Impacts. The suspension of AB 32 would likely have several positive impacts on the California economy. Suspending AB 32 would reduce the need for new investments and other actions to comply with new regulations that would be an added cost to businesses. Energy prices—which also affect the state’s economy—would be lower in 2020 than otherwise. This is because the proposed cap-and-trade regulation, as well as the requirement that electric utilities obtain a greater portion of their electricity supplies from renewable energy sources, would otherwise require utilities to make investments that would increase the costs of producing or delivering electricity. Such investments would be needed to comply with these regulations, such as by obtaining electricity from higher-priced sources than would otherwise be the case. The suspension of such measures by

this proposition could therefore lower costs to businesses and avoid energy price increases that otherwise would largely be passed on to energy consumers.

Potential Negative Economic Impacts. The suspension of AB 32 could also have negative impacts on the California economy. For example, the suspension of some Scoping Plan measures could delay investments in clean technologies that might result in some cost savings to businesses and consumers. Investment in research and development and job creation in the energy efficiency and clean energy sectors that support or profit from the goals of AB 32 might also be discouraged by this proposition, resulting in less economic activity in certain sectors than would otherwise be the case. Suspending some Scoping Plan measures could halt air quality improvements that would have public health benefits, such as reduced respiratory illnesses. These public health benefits translate into economic benefits, such as increased worker productivity and reduced government and business costs for health care.

Net Economic Impact. As discussed previously, only a portion of the Scoping Plan measures would be suspended by the proposition. Those measures would have probably resulted in increased compliance costs to businesses and/or increased energy prices. On the other hand, those measures probably would have yielded public health-related economic benefits and increased profit opportunities for certain economic sectors. Considering both the potential positive and negative economic impacts of the proposition, we conclude that, on balance, economic activity in the state would likely be modestly higher if this proposition were enacted than otherwise.

Economic Changes Would Affect State and Local Revenues. Revenues from taxes on personal and business income and on sales rise and fall because of changes in the level of economic activity in the state. To the extent that the suspension of AB 32 resulted in somewhat higher economic activity in the state, this would translate into an unknown but potentially significant increase in revenues to the state and local governments.

Other Fiscal Effects

Impacts of Suspension of the Cap-and-Trade Regulation. The suspension of ARB's proposed cap-and-trade regulation could have other fiscal effects depending on how this regulation would otherwise have been designed and implemented. One proposed approach provides for the auctioning of emission allowances by the state to emitters of GHGs. This approach would increase costs to affected firms doing business in the state, as they would have to pay for allowances. Such auctions could result in as much as several billion dollars of new revenues annually to the state that could be used for a variety of purposes. For example, depending on future actions of the Legislature, the auction revenues could be used to reduce other state taxes or to increase state spending for purposes that may or may not be related to efforts to prevent global warming. Thus, the suspension of AB 32 could preclude the collection by the state of potentially billions of dollars in new allowance-related payments from businesses.

Potential Impacts on State and Local Government Energy Costs. As noted above, the suspension of certain AB 32 regulations would likely result in lower energy prices in California than would otherwise occur. Because state and local government agencies are large consumers of energy, the suspension of some AB 32-related regulations would reduce somewhat state and local government energy costs.

Impacts on State Administrative Costs and Fees. During the suspension of AB 32, state administrative costs to develop and enforce regulations pursuant to AB 32 would be reduced significantly, potentially by the low tens of millions of dollars annually. However, during a suspension, the state would not be able to collect the fee authorized under AB 32 to pay these administrative costs. As a result, there would no

longer be a dedicated funding source to repay loans that have been made from certain state special funds to support the operation of the AB 32 program. This would mean that other sources of state funds, potentially including the General Fund, might have to be used instead to repay the loans. These potential one-time state costs could amount to tens of millions of dollars. Once AB 32 went back into effect, revenues from the AB 32 administrative fee could be used to pay back the General Fund or other state funding sources that were used to repay the loans.

In addition, once any suspension of AB 32 regulations ended, the state might incur some additional costs to reevaluate and update work to implement these measures that was under way prior to the suspension.

PROP 23 **SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.**

★ **ARGUMENT IN FAVOR OF PROPOSITION 23** ★

THE PROBLEM: CALIFORNIA'S GLOBAL WARMING MANDATES ARE ON THE WRONG TRACK

Climate change is a serious issue that should be addressed thoughtfully and responsibly. However, now is not the time to implement AB32, California's costly global warming law, especially since the California Air Resources Board (CARB) acknowledges AB32 cannot "change the course of climate change."

California already has a \$20 billion deficit and leads the nation in lost jobs, home foreclosures and debt. Implementing AB32 will cost taxpayers and consumers billions and destroy over a million jobs. Voters must stop these self-imposed energy cost increases that will further damage our economy and families.

THE SOLUTION: PROPOSITION 23

Proposition 23 suspends AB32 until the economy improves. It preserves California's strict environmental laws but protects us from dramatically higher energy costs. Proposition 23 saves jobs, prevents a tax increase, maintains environmental protections and helps families during these tough economic times.

PROPOSITION 23 SAVES BILLIONS IN HIGHER ENERGY TAXES AND COSTS

California's poor, working and middle class families are dealing with lost jobs, fewer hours and furloughs. California households cannot afford \$3800 a year in higher AB32 costs.

"AB 32 will cause California households to face higher prices both directly for electricity, natural gas, and gasoline, and indirectly as businesses pass costs for GHG reduction on to consumers."—CARB's Economic Allocation and Advisory Committee

PROPOSITION 23 SAVES OVER ONE MILLION CALIFORNIA JOBS

Other countries and states prudently postponed implementing their global warming laws until economic conditions improve.

Without Proposition 23 higher energy prices will hit small businesses and employers, forcing more lay-offs and business closures.

Other countries that passed global warming laws experienced a loss of two blue collar jobs for every one green job created.

Proposition 23 saves over a million at-risk jobs, including high-paying blue collar and union jobs, and doesn't limit green job creation.

PROPOSITION 23 PRESERVES CALIFORNIA'S STRICT PUBLIC HEALTH, ENVIRONMENTAL PROTECTIONS

California has the toughest environmental laws in the country. Proposition 23 doesn't weaken or repeal the hundreds of laws that protect the environment, reduce air pollution, keep our water clean and protect public health.

Proposition 23 applies to greenhouse gas emissions, which CARB concedes "have no direct public health impacts."

PROPOSITION 23 PROTECTS ESSENTIAL PUBLIC SERVICES

By stopping higher energy costs, Proposition 23 helps protect funding when community budgets are dangerously stretched—keeping teachers in our classrooms and firefighters on the street.

"Public safety is our top priority. Proposition 23 is essential to help protect funding for firefighters, law enforcement and emergency medical services."

—Kevin Nida, President, California State Firefighters' Association

PROPOSITION 23 EMPOWERS VOTERS NOT BUREAUCRATS

CARB's unelected political appointees want to impose hidden taxes without voter approval. Proposition 23 lets voters, not bureaucrats, decide when we implement California's costly global warming law.

Proposition 23's common-sense, fiscally responsible approach is a win-win for California's families, economy and environment.

JOIN TAXPAYERS, FIREFIGHTERS, LOCAL OFFICIALS, ENERGY COMPANIES, FARMERS AND BUSINESSES TO SAVE JOBS AND PROTECT CALIFORNIA'S ECONOMY.

YES ON PROPOSITION 23

Yeson23.com

KEVIN NIDA, President

California State Firefighters' Association

JOHN KABATECK, Executive Director

National Federation of Independent Business/California

JON COUPAL, President

Howard Jarvis Taxpayers Association

★ **REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 23** ★

Two Texas oil companies paid millions of dollars to put Prop. 23 on the ballot, and are paying millions more to promote Prop. 23 with a deceptive campaign.

There's much more than climate change at stake . . . Prop. 23 threatens public health and our economy.

Prop. 23 is a Dirty Energy Proposition that would:

- Kill vitally needed clean energy and air pollution standards.
- Kill competition from California's wind, solar and alternative fuel companies.
- Jeopardize nearly 500,000 jobs in California.
- Result in higher energy costs for consumers.

RESPECTED ORGANIZATIONS AND LEADERS WARN

PROP. 23 IS DECEPTIVE, DANGEROUS, and COSTLY.

Dr. Charles D. Kolstad, Chair, Department of Economics, University of California-Santa Barbara:

"Prop. 23 will not help the California economy. In fact, Prop. 23 will cause the loss of California jobs in the clean energy field, one sector of our economy producing significant job growth."

The League of Women Voters of California:

"Claims by its promoters that 23 would only be in place for a short time are FALSE. Prop. 23 effectively repeals clean energy and air pollution standards indefinitely, and jeopardizes dozens of regulations that promote energy efficiency and pollution reduction."

American Lung Association in California:

"Prop. 23 would allow polluters to avoid laws that require them to reduce harmful greenhouse gases and air pollution. 23 is a serious threat to public health."

Look into the FACTS, and Vote NO on 23.

www.StopDirtyEnergyProp.com

LOU PAULSON, President

California Professional Firefighters

JANE WARNER, President

American Lung Association in California

DR. CHARLES D. KOLSTAD, Chairman

Department of Economics, University of California-Santa Barbara

★ **ARGUMENT AGAINST PROPOSITION 23** ★

TEXAS OIL COMPANIES DESIGNED PROP. 23 TO KILL CALIFORNIA CLEAN ENERGY AND AIR POLLUTION STANDARDS.

Big Texas oil companies and state politicians who receive oil company money designed Prop. 23 to repeal clean energy and air pollution standards in California.

Those oil companies are spending millions on a DECEPTIVE CAMPAIGN to promote Prop. 23 because 23 would allow them and other polluters to escape accountability and increase their profits.

PROP. 23 IS A DIRTY ENERGY PROPOSITION THAT MEANS MORE AIR POLLUTION AND INCREASED HEALTH RISKS—*Vote NO.*

Prop. 23's main backers, the Valero and Tesoro oil companies, are among the worst polluters in California. They're using 23 to *repeal portions of the health and safety code* that require them to reduce air pollution at their California refineries.

"Prop. 23 would result in more air pollution that would lead to more asthma and lung disease, especially in children and seniors. Vote NO." —American Lung Association in California

PROP. 23 IS A JOB KILLER—THREATENING HUNDREDS OF THOUSANDS OF CALIFORNIA JOBS.

Across California, clean energy companies are sprouting up and building wind and solar power facilities that provide us with clean power, built right here by California workers.

By repealing clean energy laws, Prop. 23 would put many of these California companies out of business, kill a homegrown industry that is creating hundreds of thousands of California jobs, and damage our overall economy.

"California is the hub of innovation and investment in clean energy technologies and businesses. But Prop. 23 would reverse the state's clean energy laws, jeopardizing billions in economic growth and hundreds of thousands of jobs."—Sue Kateley, Executive Director, California Solar Energy Industries Association, representing more than 200 solar energy small businesses.

The independent, nonpartisan Legislative Analyst Office says 23 could *"dampen additional investment in clean energy technologies by private firms, thereby resulting in less economic activity than otherwise*

would be the case."

PROP. 23 WOULD JEOPARDIZE:

- 12,000 California-based clean energy businesses
 - Nearly 500,000 existing California clean energy jobs
 - More than \$10 billion in private investment in California
- PROP. 23 WOULD KEEP US ADDICTED TO COSTLY OIL—

Vote NO.

By killing incentives for clean energy, 23 reduces choices for consumers already facing high gas and electricity costs.

"Prop. 23 would keep consumers stuck on costly oil and subject consumers to spiking energy prices."—Consumers Union, publisher of Consumer Reports Magazine

OUR OIL ADDICTION THREATENS NATIONAL SECURITY. PROP. 23 MAKES IT WORSE.

Prop. 23 would harm efforts to reduce our dependence on foreign oil that comes from countries that support terrorism and are hostile to the United States.

JOIN PUBLIC HEALTH ADVOCATES, CLEAN ENERGY COMPANIES AND SMALL BUSINESSES: VOTE NO ON 23.

Prop. 23 is OPPOSED by:

- American Lung Association in California
 - Coalition for Clean Air
 - AARP
 - League of Women Voters of California
 - More than 50 leading environmental organizations
 - LA Business Council
 - More than 200 solar and wind energy companies
 - Hundreds of other businesses across California
- STOP THE TEXAS OIL COMPANIES' DIRTY ENERGY PROPOSITION.

Vote NO on 23.

www.StopDirtyEnergyProp.com

JANE WARNER, President
American Lung Association in California

LINDA ROSENSTOCK, M.D., Dean
UCLA School of Public Health

DAVID PACHECO, President
AARP California

★ **REBUTTAL TO ARGUMENT AGAINST PROPOSITION 23** ★

DON'T BE MISLED

Proposition 23 *only* impacts California's global warming law. Opponents never mention global warming because the *law won't reduce global warming.*

VOTERS HAVE A CHOICE

YES on 23 saves jobs, prevents energy tax increases, and helps families, while preserving California's clean air and water laws.

NO on 23 imposes a massive energy tax on consumers, kills over a million jobs, and doesn't reduce global warming.

PROPOSITION 23 PROTECTS THE ENVIRONMENT AND PUBLIC HEALTH

Proposition 23 temporarily postpones greenhouse gas regulations, which have no direct public health impacts. It doesn't affect laws protecting air and water quality or laws combating asthma and lung disease.

PROPOSITION 23 SAVES JOBS, DOESN'T DISCOURAGE GREEN JOBS

Other states without our global warming law have stronger wind energy and renewable fuels industries than California.

2.3 million Californians are unemployed and *Prop. 23 will save over a million jobs* that would otherwise be eliminated.

YES ON 23—CALIFORNIA CAN'T AFFORD NEW ENERGY TAXES

Proposition 23 saves poor and working families from \$3800 annually

in increased prices for everyday necessities, including HIGHER:

- electricity and natural gas bills
- gasoline prices
- food prices

YES ON 23—JOIN CONSUMERS, TAXPAYERS, SMALL BUSINESS AND FAMILIES

Proposition 23's diverse coalition includes:

- California State Firefighters Association
 - California Small Business Association
 - National Tax Limitation Committee
 - Construction workers
 - Local air quality officials
- OTHER STATES AND COUNTRIES POSTPONED THEIR GLOBAL WARMING LAWS TO PROTECT THEIR ECONOMIES, CALIFORNIA SHOULD TOO.**

CALIFORNIA CAN'T AFFORD A SELF-IMPOSED GLOBAL WARMING TAX THAT WON'T REDUCE GLOBAL WARMING!

www.yeson23.com

BRAD MITZELFELT, Governing Board Member
Mojave Desert Air Quality Management District

J. ANDREW CALDWELL, Executive Director
The Coalition of Labor, Agriculture & Business

JAMES W. KELLOGG, International Representative
United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry

Section 10. Continuous Appropriations.

The provisions of Sections 6, 6.1, 7, 7.1, and 8 of this act that require a continuous appropriation to the Controller without regard to fiscal year are intended to be “appropriations made by law” within the meaning of Section 7 of Article XVI of the California Constitution.

Section 11. Liberal Construction.

The provisions of this act shall be liberally construed in order to effectuate its purposes.

Section 12. Conflicting Statutes.

Any statute passed by the Legislature between October 21, 2009 and the effective date of this measure, that would have been prohibited if this measure were in effect on the date it was enacted, is hereby repealed.

Section 13. Conflicting Ballot Measures.

In the event that this measure and another measure or measures relating to the direction or redirection of revenues dedicated to funding services provided by local governments or transportation projects or services, or both, appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure shall receive a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure or measures shall be null and void.

Section 14. Severability.

It is the intent of the People that the provisions of this act are severable and that if any provision of this act or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect any other provision or application of this act which can be given effect without the invalid provision or application.

PROPOSITION 23

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure adds a section to the Health and Safety Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

California Jobs Initiative

SECTION 1. STATEMENT OF FINDINGS

(a) In 2006, the Legislature and Governor enacted a sweeping environmental law, AB 32. While protecting the environment is of utmost importance, we must balance such regulation with the ability to maintain jobs and protect our economy.

(b) At the time the bill was signed, the unemployment rate in California was 4.8 percent. California’s unemployment rate has since skyrocketed to more than 12 percent.

(c) Numerous economic studies predict that complying with AB 32 will cost Californians billions of dollars with massive increases in the price of gasoline, electricity, food and water, further punishing California consumers and households.

(d) California businesses cannot drive our economic recovery and create the jobs we need when faced with billions of dollars in new regulations and added costs; and

(e) California families being hit with job losses, pay cuts and furloughs cannot afford to pay the increased prices that will be passed onto them as a result of this legislation right now.

SEC. 2. STATEMENT OF PURPOSE

The people desire to temporarily suspend the operation and implementation of AB 32 until the state’s unemployment rate returns to the levels that existed at the time of its adoption.

SEC. 3. Division 25.6 (commencing with Section 38600) is added to the Health and Safety Code, to read:

DIVISION 25.6. SUSPENSION OF AB 32

38600. (a) From and after the effective date of this division, Division 25.5 (commencing with Section 38500) of the Health and Safety Code is suspended until such time as the unemployment rate in California is 5.5 percent or less for four consecutive calendar quarters.

(b) While suspended, no state agency shall propose, promulgate, or adopt any regulation implementing Division 25.5 (commencing with Section 38500) and any regulation adopted prior to the effective date of this division shall be void and unenforceable until such time as the suspension is lifted.

PROPOSITION 24

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends and repeals sections of the Revenue and Taxation Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Title

This act shall be known as the “Repeal Corporate Tax Loopholes Act.”

SEC. 2. Findings and Declarations

The people of the State of California find and declare that:

1. The State of California is in the midst of the worst financial crisis since the Great Depression. State revenues have plummeted, millions of Californians have lost their jobs, and hundreds of thousands of California homes have been lost in foreclosure sales. Projections suggest it could be many years before the state and its citizens recover.

2. To cope with the fiscal crisis, in 2008 and 2009 the Legislature and Governor raised taxes paid by the people of this state: the personal income tax, the state sales tax, and vehicle license fees. Yet at the same time they passed three special corporate tax breaks that give large corporations nearly \$2 billion a year in state revenues.

3. No public hearings were held and no public notice was given before these corporate tax breaks were passed by the Legislature and signed into law by the Governor.

4. Corporations get these tax breaks without any requirements to create new jobs or to stop shipping current jobs overseas.

5. These loopholes benefit the biggest of corporations with gross incomes of over \$1 billion. One study estimates that 80 percent of the benefits from the first loophole will go to just 0.1 percent of all California corporations. Similarly, estimates are that 87 percent of the benefits from one tax break will go to just 229 companies, each of which has gross income over \$1 billion.

6. At the same time it created these corporate loopholes, the Legislature and Governor enacted \$31 billion in cuts to the state budget—decimating funding for public schools and colleges, eliminating health care services to our neediest citizens, closing