

Fiorina says California climate law is killing jobs

Judy Lin, Associated Press, 7-1-10

SACRAMENTO — GOP Senate candidate Carly Fiorina appeared on a national cable news show Wednesday asserting that California's law to fight global warming is killing jobs, but a review shows its economic effects remain uncertain.

In an interview on CNBC's "Closing Bell," Fiorina said she is trying to unseat Democratic Sen. Barbara Boxer in part because of the lawmaker's push for federal greenhouse gas legislation inspired by California's 2006 climate law, called the Global Warming Solutions Act but commonly referred to as AB32.

The regulations that will be placed on California industries will increase energy prices for consumers, she said.

"In California, we have something called AB32. It has killed jobs so much that there is a bipartisan effort to have that law suspended until unemployment reaches 5 percent. It is going to be voted on by the voters of California in the November ballot. If that isn't an admission that legislation can kill jobs, I don't know what is," Fiorina said.

The 2006 law was signed by Republican Gov. Arnold Schwarzenegger, who has championed it as a way to begin reducing greenhouse gas emissions in the state. It mandates that the state cut emissions to 1990 levels by 2020.

Manufacturers, cement plants, oil refineries, utilities and other polluters will be asked to start lowering their emissions or pay for the carbon they emit.

The California Air Resources Board, the entity charged with implementing the law, has taken some early actions but is still drafting cap-and-trade regulations for industries, which will be a main aspect of the law. Most of the law will go into effect in 2012.

An initiative seeking to stop the law has been certified for the November ballot. The proposition, which is backed primarily by out-of-state oil companies, would delay the regulations until California's unemployment rate — now at 12.4 percent — drops to 5.5 percent and stays there for a year. That has happened only three times over the past three decades, according to California Employment Development Department statistics.

Silicon Valley Leadership Group, Google, eBay and other businesses support the law.

It's not clear whether the law would reduce or create jobs in California over the long run. Studies have come to different conclusions.

A study by the dean of the business school at California State University, Sacramento concluded the law could cost 1.1 million jobs. But that has been discredited by the state's nonpartisan Legislative Analyst's Office and criticized by other researchers as biased.

The California Air Resources Board this year updated its economic analysis of the climate law and concluded that the growth in green technology would counterbalance the economic harm done to carbon-intensive industries.

"The measures for AB32, if carried out fully, will allow California's economy to grow just as robustly as if we had done nothing, but we will have additional benefits of increased energy security, cleaner energy and the growth of the new clean-tech sector," said Stanley Young, climate change spokesman for the board.

In May, legislative analyst Mac Taylor said there would be a near-term negative effect, but the economic effect of climate regulation would likely be modest relative to the size of California's \$1.7 trillion annual economy.

Fiorina spokeswoman Julie Soderlund said after the CNBC interview that the candidate believes it's unfair to ask businesses to comply with new regulations in a poor economy.

Soderlund said Fiorina has been hearing from businesses such as Glendora-based CalPortland, which produces building materials. The company is reducing operations in California as a result of the long-term costs they believe will be associated with regulatory compliance of AB32.

The Air Resources Board is expected to create about 30 new regulations under the law, covering everything from the types of fuels Californians can put in their vehicles to what air conditioning units businesses can install.

Natural gas and electrical bills are expected to rise because utilities will have to increase their use of renewable energy.

A climate bill study by the Heritage Foundation, a conservative think tank, found this year that it would cost jobs and increase energy prices. The bill was co-authored by Boxer.

Rose Kapolczynski, Boxer's campaign manager, said some economists view clean energy as a way to boost California's economy, much like computer technology and biotechnology has driven the state. "Many Silicon Valley entrepreneurs see clean energy as a way to grow the California economy in a whole new area," she said.

Supporters of California's climate law point out that the state already has attracted \$9 billion in venture capital for clean-energy technologies.

"For Fiorina, it just shows me how out-of-touch she is and that she's just playing dirty politics with dirty oil," said Warren Smith, the Republican chief executive of Clean World Partners, a Sacramento-based startup that is developing a system to convert organic waste into clean energy.