

Push to delay law; ballot proposal would suspend emissions bill

Rebecca Kimitch and Liset Marquez, Los Angeles Newspaper Group, 5-27-10

Daniel Del Muro has paid \$1.5 million to retrofit his rigs to meet air-quality standards.

But the struggling economy and proposed cleaner standards have become a financial drain to his Fontana-based freight hauling business, PDM Transportation Inc.

Del Muro is part of a growing chorus of business owners calling for the suspension of Assembly Bill 32, California's groundbreaking climate-change legislation.

"If we were given more time, then I think it would be possible for us to survive," he said.

AB32 requires that the state's carbon emissions be reduced to 1990 levels by 2020 and 80 percent below 1990 levels by 2050.

An initiative, which is expected to soon qualify for the November ballot, would suspend AB32 until the unemployment rate in the state is 5.5 percent or less for four consecutive quarters. Unemployment in the state stands at 12.6 percent.

Steven Maviglio, a spokesman for the campaign against the initiative, said an unemployment rate that low for four consecutive quarters has only happened three times in three decades.

Maviglio said AB 32 is being blamed for job and profit losses that are a result of the economy, not the effort to protect the environment.

"Trying to blame a law that has not even gone into effect is pretty absurd," he said.

Backers of the initiative say AB 32 is responsible for job losses and pushing companies out of the state during the recession by creating excessive regulation.

"If we can't get the economic engine of California running properly, then we shouldn't be implementing a lot of this stuff in the near future," said state Sen. Bob Huff, R-Walnut.

AB 32 backers, led by Gov. Arnold Schwarzenegger, said opponents are using the economy as an excuse. They charge that the initiative is really fueled by a less noble desire.

"The effort to suspend AB 32 is the work of greedy oil companies who want to keep polluting in our state and making profits," Schwarzenegger said.

Out-of-state oil companies, particularly Texas giants Valero Energy Corp. and Tesoro Corp., have largely bankrolled the initiative movement, which this month turned over more than 800,000 signatures to election officials to qualify the initiative for the ballot.

Election officials are in the process of verifying signatures for the initiative; 435,000 verified signatures are needed to qualify it for the ballot.

"We just want to slow down until employers can absorb this, to where business is flourishing, and not give businesses another reason to relocate to another state," Huff said.

Figuring out how to meet the reductions in AB 32, which was passed in 2006, has taken years. Many of the regulations and market mechanisms to prompt the reductions, including setting up a cap-and-trade system, as established by the California Air Resources Board, won't go into effect until 2012.

That is exactly what has businesses clamoring now.

The trucking industry in the Inland Empire has been severely impacted by air quality regulations and AB 32, said Valerie Liese, owner of Ontario-based Jack Jones Trucking and chairwoman of the California Trucking Association, which represents about 3,000 companies.

Many owner-operator drivers are electing to turn in their keys because it is too costly to make the changes, Liese said.

Liese has seen her fleet reduced from 50 to 34 vehicles. She said it has cost her more than \$3million to get in compliance, but heightened regulations could force her out of business if the economy doesn't get better.

"This will give us time to raise our rates again and make money," she said.

Del Muro said the situation is so dire for his company that at the beginning of the year he approached his lenders and told them he would not be able to make payments on his cleaner vehicles.

"We entered into the upgrade of our fleet of vehicles to meet the regulations but then the economy took a dip and we got stuck with the payments," he said. "We are struggling with the payments."

The business community is divided on suspension of AB 32.

AB 32 supporters charge the law has been a catalyst for the only growth in economic activity the state has seen in recent years. And they say there is no proof that pending environmental regulations are responsible for companies' departures from the state.

Because of AB 32, California has captured 60percent of the country's venture capital for clean energy, and seven of the top 10 clean-tech companies are based in the state, creating thousands of jobs, Maviglio said.

But AB 32 opponents counter that for every green job created, at least two regular jobs are lost.

Opponents also say it has contributed to the departure of 100 companies from the state since 2007.

The back and forth is likely to continue into the fall.

Some projections say the campaigns for and against the proposition could spend \$150 million.