



# STOP HIDDEN GAS TAXES

April 21, 2011

The undersigned organizations, representing California taxpayers, businesses, and consumers, strongly OPPOSE AB 638, which requires a draconian reduction in petroleum fuel consumption and a costly, unrealistic increase in alternative fuel consumption in the near future.

AB 638 will cause significant increases in transportation fuel costs, increase California's reliance on imported petroleum products, and could also create material supply disruptions that would drive costs even higher, according to various analyses of similar legislation (AB 2076) introduced several years ago.

At that time, a joint report issued by the California Air Resources Board (CARB) and the California Energy Commission (CEC) concluded that in order to achieve the reductions required, measures such as higher gasoline taxes, pay-at-the-pump auto insurance, a tax on vehicle miles traveled and a punitive tax on the purchase of certain vehicles would need to be imposed.

A particularly troubling provision of AB 638 would give the State Energy Resources Conservation and Development Commission and CARB open-ended authority to adopt such measures, in clear violation of the constitutional requirement for a two-thirds vote to increase taxes.

Concurrent with these higher costs, businesses and consumers would be burdened with the cost of purchasing alternative fuel vehicles, which are more expensive than conventional vehicles and are unlikely to be sufficiently available or reliable to meet their needs.

Businesses already struggling with high energy prices will be forced to pass AB 638's costs along to their customers, thus raising the prices of virtually everything that is transported by truck. Consequently, consumers could be faced not only with higher gasoline, diesel and vehicle prices but higher prices for the everyday necessities of life.

This will be compounded as in-state supplies of conventional fuels are reduced and insufficient supplies of affordable, reliable alternatives are available. The difference will have to be made up by increased imports, the transport of which will result in higher costs and in higher emissions from the ships and trucks which deliver them from outside our borders.

AB 638 also ignores the many other existing or pending state laws and policies that will reduce fossil fuel usage and promote more widespread introduction of alternative fuel vehicles, such as the Pavley auto emissions standards, CARB's low carbon fuel standard, clean vehicle requirements for public fleets, and various subsidies and incentives for the purchase of alternative fuel vehicles.

AB 638 is an unnecessary, ill-researched and draconian measure that will add billions of dollars in fuel costs at a time California businesses and consumers are least able to afford them.

For these reasons, we strongly OPPOSE AB 638.

California Chamber of Commerce  
California Taxpayers Association  
California Black Chamber of Commerce  
California League of Food Processors  
California Manufacturers and Technology Association  
California Dump Truck Owners Association  
Long Beach Black Chamber of Commerce  
Independent Oil Producers' Agency  
Small Business Action Committee  
Western States Petroleum Association  
Regional Black Chamber of Commerce of San Fernando Valley  
California Independent Oil Marketers Association  
Alliance of Contra Costa Taxpayers  
Black Business Association  
California Independent Petroleum Association  
California Small Business Alliance