

Testimony of Rafael Aguilera before Air Resources Board  
Thursday, November 20, 2008  
AB 32 Proposed Scoping Plan

Good afternoon, I'm Rafael Aguilera from the Verde Group, speaking on behalf of Climate Protection Campaign.

When AB 32 was being debated in the capitol, economic impacts to low-income communities, were among the most important considerations. That's why AB 32 contains directives which require ARB to adequately address these issues as we move toward a clean energy economy.

Along with stringent regulations on power plants, oil refineries, and other industrial polluters, making polluters pay for their pollution is an essential strategy that has the potential to accelerate our move to clean energy.

However, regardless of how you put a price on carbon, whether it through a fee or an auction, nearly 100 percent of those costs paid by polluters will be passed through to consumers in the form of higher prices for gas, energy, and essential consumer goods tied to the fossil fuel economy.

I'm here today to suggest that you use a tool called Dividends, also know as per-capita rebates, as one way of mitigating these economic impacts borne by low-income communities and individuals on fixed income.

How Dividends work?

1. Set an aggressive cap at a level that protects the planet, with no offsets
2. Make polluters pay for the pollution either via a carbon fee or by a full auction.
3. Return all, or nearly all, of money that is collected directly back to consumers on an equal basis.

WHAT THIS DOES?

## 1) MITIGATE REGRESSIVE IMPACTS

According to studies by the Congressional Budget Office, Univ. Mass. Amherst, as well as the Environmental Justice and Climate Change Initiative, dividends show great promise to offset the regressive economic impacts borne by low and middle income families.

## 2) INCREASE POLITICAL SUPPORT

This strategy has the unique ability to actually increase political support because of a very unique feature:

**As the cap is lowered, dividends rise.**

**As the carbon price rises, dividends rise.**

## MAJOR NEWS HEADLINES, CHECKS IN THE MAIL

People will all of a sudden be looking everyday in the paper to see how much our carbon has been reduced and how big of a check they will be getting this month.

In fact, this strategy has the unique ability to put nearly all but the very wealthy in a better economic position than before AB 32.

In an economy on the verge of recession, it is of paramount importance to ensure that poor families and those on fixed incomes are not economically devastated as the carbon cap comes down.

**We would like to recommend that you do a similar analysis for California to demonstrate that dividends are a cornerstone and complementary mechanism.**

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## SUPPORTERS of REBATES

President-elect Barack Obama

Mayor Bloomberg

Washington Post Editorial Board

James Hansen, NASA Climate scientist

George Lakoff, UC Berkeley

Peter Orzag, Congressional Budget Office

Professor Robert Stavins, Harvard

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