

Mayor
Lois Wynne
Mayor Pro Tem
Jeff Chedester
Council Members
Ray Madrigal
Eddie Neal
William Siegel



**Office of the
City Manager**

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Staff Report

ITEM NO. 2-6

To: Lemoore City Council
From: Ron Hoggard, Interim City Manager *RH*
Date: March 9, 2015 **Meeting Date:** March 17, 2015
Subject: Proposed Support - State Senate Bill 5

Discussion:

At the request of Mayor Pro Tem Jeff Chedester, staff has provided a letter in support of State Senate Bill 5, which would retroactively repeal many cap-and-trade compliance obligations placed on local governments, schools, small business and residents.

Budget Impact:

The letter of support does not create a budget impact to the City of Lemoore. Subsequent passage of SB 5 could reduce future increases to the City Budget brought about by increases in gas and diesel prices.

Recommendation:

That the City Council, by motion, approve the attached letter of support for State Senate Bill 5 and authorize the Mayor to sign.

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March 17, 2015

Senator Andy Vidak
State Capitol, Room 3082
Sacramento, CA 95814

Dear Senator Vidak,

We respectfully write in support of Senate Bill 5 by Senator Vidak, which would retroactively repeal the compliance obligations for residents, small business owners, local governments, and school districts that did not have a cap-and-trade compliance obligation prior to January 1, 2015.

After the passage of AB 32 in 2006, the California Air Resources Board (CARB) created the cap-and-trade program, a convoluted attempt to reduce greenhouse gas emissions by requiring utilities and manufacturers to purchase and sell carbon allowances to comply with the regulation. Since 2012, these entities have paid the state more than \$1 billion in carbon credits.

Now, as of January 1, 2015, the California Air Resources Board has added gasoline and diesel fuels, natural gas, and propane to the cap and trade program. This gas tax hike will affect all sectors of life including small businesses, local governments, and our schools. All of these entities will have to pay more for gas to fuel their vehicles as well as pay more for goods at the store. For cities this will mean budgeting more for gasoline and diesel instead of making investments in public safety, road work, or other public projects. This gas tax hike will take money out of the classroom to pay for higher prices to fuel school buses.

The San Joaquin Valley is one of the most economically depressed areas of the state. One of the largest industries is agriculture, and rural towns and cities are spread out across great distances. Because of this, many Valley residents must drive many miles just to get to work or take kids to school and they will be hurt the most by this gas tax hike.

While gas prices have fallen history has shown they won't stay low forever. As prices inch back up, residents, businesses, and local government officials will certainly feel pain at the pump with the additional cost associated with the cap and trade program.

For these and other reasons, we support SB 5 by Senator Vidak.

Sincerely,

Lois Wynne, Mayor
City of Lemoore