



We Help Bring California's Goodness to the World

July 12, 2017

The Honorable Eddie Garcia
California State Assembly
P.O. Box 942849
Sacramento, CA 94249-0062

RE: AB 398 (E. Garcia) – California Global Warming Solutions Act of 2006: market-based compliance mechanisms

Dear Mr. Garcia:

The California League of Food Producers (CLFP) SUPPORTS AB 398.

CLFP represents 47 industrial food processors in California, twenty-one of which are subject to the Cap-and-Trade. Food and beverage processing in California accounts directly for \$25.2 billion in value added and 198,000 direct full- and part-time jobs contributing to the local economies, many of which are disadvantaged communities. On average for every \$1 of value added in food and beverage generated results in \$3.25 dollars in additional economic activity. Each job in food and beverage processing generates 3.84 jobs in total.

AB 398 reforms and extends California's cap-and-trade program to provide the most cost-effective path toward the state's climate change goals while preserving jobs and mitigating potential consumer cost increases related to higher prices for fuel, energy and consumer goods.

By extending the current programs to 2030, AB 398 provides a seamless transition that will contribute much needed consistency in the program through its reform of the market design, additional oversight and accountability, further definition of relevant regulatory authority, as well as support for workforce development and tax relief.

The Cap-and-Trade is first and foremost a tool, providing vital compliance flexibility, allowing California's food producers to select reduction strategies that best suit their unique markets and evolving circumstances.

Through the retention of current industry assistance levels, Cap-and-Trade will continue to achieve GHG emission reductions while sending a clear and transparent price signal throughout California's economy.

Sincerely,

A handwritten signature in black ink, appearing to read "John Larrea", with a long horizontal flourish extending to the right.

JOHN LARREA
Director, Government Affairs
California League of Food Producers