



**United States Senate
Committee on Environment and Public Works
Hearing on “Green Jobs Created by Global Warming Initiatives”
Tuesday, September 25, 2007, 2:00 p.m.**

**Testimony of
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Good morning Madam Chair and members. Thank you for having me here today to talk about climate initiatives and green technology development.

The CMTA represents a broad spectrum of large and small manufacturers and technology companies in California. We advocate for tax, energy, environmental, litigation and labor policies that will keep these outstanding companies competitive and growing in the state.

In AB 32, California decided to cap greenhouse gas emissions at 1990 levels by the year 2020. Reaching the goals of AB 32 will depend on development of new technologies that are both cost effective and technologically feasible. Therefore, one of the hoped for outcomes of AB 32 is to spur new investments in green technologies to the benefit of California and the nation. But AB 32 only imposes the cap and directs the California Air Resources Board and other agencies to develop regulations. It does not create policies to support new green technology development.

It is too soon to tell whether California will reap the benefits of new green technology company growth in the state because of AB 32 or other climate initiatives. Even before AB 32 there have been opportunities for energy efficiency and renewable technologies to succeed in California – we have a renewable portfolio standard and very high energy prices. To remain competitive, industries have adopted best practices and modern technologies to become highly efficient. For example, a steel company in Southern California has nearly doubled production since 1990 with only a 19% increase in carbon emissions.

Even if AB 32 encourages new green tech companies to grow in the state, we don't know if it will make up for economic losses that could be caused by an incorrect implementation of AB 32. I hope the focus of this hearing is on how California and the rest of the country can grow green technology companies to help meet the climate change challenge while maintaining a healthy economy.

It is noteworthy that the last technological revolution, in computer information technologies and the internet, occurred without heavy handed government programs. The power of ever faster and smaller digital technologies was simply irresistible to companies that wanted to increase productivity and consumers who wanted to improve their quality of life. We didn't put a cap on analogue transmissions or impose taxes to discourage its use. Yet companies selling digital information technologies are now some of the largest and most successful in the world.

Let's learn from that experience and go beyond the debate about whether we should impose emission caps, voluntary emission targets, carbon taxes, or other programs on the economy. We should focus first and foremost on the policies that will create the conditions in which green technology businesses will be able to succeed, and the policies that will encourage industries and consumers to purchase and use the technologies. This work is vital no matter what scheme is adopted for greenhouse gas emission reductions.

For example, making California more attractive for green technology company development will take much more than passage of AB 32 – we need to overcome significant barriers to economic development, such as:

- The cost of doing business for California manufacturers is 23% above the national average. (This is a devastating premium when you consider that the US average cost of doing business is nearly 32% higher than our trading partners.)
- California is one of only three states that imposes sales taxes on the purchase of manufacturing equipment without an offsetting tax credit.
- Our labor laws require overtime pay after 8 hours in a day rather than after 40 hours a week.
- Permitting processes for facilities development or to install major new pieces of equipment are lengthy and expensive.
- Companies can't find skilled welders, machinists and other technicians because career and technical education courses are disappearing from the middle and high schools and students are dropping out in record numbers.

At the state level we need to take care of these challenges. At the national level, we need a unified and strategic program for climate change along with the incentives and policies to reach the goals. We agree with the National Association of Manufacturers that we should make permanent the R& D tax credit, increase funding for DOE's energy efficiency programs, authorize an energy efficiency loan program to spur efficiency gains with longer term paybacks, and increase R&D on combined heat and power, distributed generation, carbon capture and storage, and diesel technology. Leadership on the technology development front could be provided by a new agency within DOE dedicated to overcoming the long-term, high risk technological barriers to the development of advanced energy technologies.

Thank you for your consideration of my testimony today.