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May 3, 2024

The Honorable Anna M. Caballero
Chair, Senate Appropriations Committee
State Capitol, Room 412
Sacramento, CA 95814

RE: SB 1497 (Menjivar), Polluters Pay Climate Cost Recovery Act – OPPOSE

Dear Senator Caballero,

I am writing on behalf of the Kern County Board of Supervisors, in lockstep with Cal Chamber et al., to express our strong opposition to SB 1497 (Menjivar), which would require an entity with a majority ownership interest in a business that extracted or refined fossil fuels between the 2000 and 2020 calendar years to pay monetary damages for all past and future climate harms that are perceived to be caused by the sale of those products.

Imposing what amounts to a tax on businesses that are simply fulfilling demand for a commodity such as petroleum is impractical. SB 1497 will lead to job losses and economic instability, and these added costs will only discourage further investment in the state's economy and ultimately be passed on to the consumer.

Implementation of this legislation is not feasible. The recovery demands are based on costs that are "fairly and reasonably allocated to the covered period." To our knowledge, there is no scientific way to tie a greenhouse gas (GHG) emission from a previous two-decade period to an event that happens in 2024 or beyond. Determining a cost associated with past emissions would also require assignment of an allocable share that is based on global emissions and cannot conceivably be isolated to in-state emissions only. Climate change is a global issue, but California only has jurisdiction over in-state business.

Further, according to state records, the City of Los Angeles would meet the definition of responsible party as they are a known operator, as are a number of other local jurisdictions throughout the Los Angeles basin. Would this measure require that residents in those jurisdictions be levied a tax specific to this measure to recover the costs identified? According to state records, there are also over 100,000 known operators of oil and gas wells that would be subject to SB 1497. However, many of those operators have left the state or the business no longer exists. SB 1497 does not make clear how it seeks to recover costs associated with this measure for those that are no longer in existence.

Under this bill, the state would also need to assess penalties on the thousands of retail fuel outlets in California that serve to meet the state's energy demands. According to the California Energy Commission (CEC), the state has anywhere from 9,800 to 10,300 retail fuel outlets that would meet

the definition of “responsible party” according to SB 1497. Again, many of those retail fuel outlets have likely changed ownership or are no longer in business. It is not clear how the state intends to impose a tax on entities that no longer exist. In addition, many of these operators are small, minority-owned business owners operating on narrow margins that can ill afford added costs to their own pocketbooks at a time when prices for all goods and services have increased substantially.

Rather than imposing punitive measures, the Legislature should look to real solutions that will drive down emissions, incentivize clean technologies, and invest in innovation that can foster economic growth here in the state. California has very ambitious climate targets and achieving those targets is going to require leveraging every resource available. Furthermore, entities are already paying for their GHG emissions under the cap-and-trade program. This bill would essentially make fossil fuel companies pay twice for their GHG emissions. Simply put, SB 1497 will not help the state achieve its climate targets, but rather reduce available resources at a time when they are needed most.

For these reasons, the Kern County Board of Supervisors strongly opposes this legislation, labeled as a “Job Killer” by Cal Chamber, and respectfully encourages you to vote **NO on SB 1497**.

Sincerely,



David Couch, Chairman
Kern County Board of Supervisors

cc: Honorable Members, Senate Appropriations Committee
 Honorable Members, Kern County Legislative Delegation
 California Chamber of Commerce
 Shaw Yoder Antwih Schmelzer & Lange