MEMORANDUM

TO:    COMMISSION ON THE 21ST CENTURY ECONOMY
FROM:  AUSTIN LEE, EXECUTIVE DIRECTOR
SUBJECT: ECONOMIC RESEARCH STUDY
DATE:  9/3/2009

With statewide unemployment soaring, and both businesses and individuals struggling with the economic crisis, this is a critical time to assess the impact of California’s transportation fuel policies. This new study--conducted by researchers from UCLA, UC Irvine, and CSU Long Beach, coordinated by the Orange County Business Council--provides a balanced, accurate assessment of the cost associated with “fueling” our transportation, goods movement, and mobility needs under current and proposed government policies, and how this affects our cost of living, both now and in the future.

Some key findings include:

- Californians pay approximately 30 cents extra per gallon of gas in comparison to drivers in other states;
- California’s fuel policy decisions disproportionately impact low income and ethnically diverse groups, and small businesses; and
- California is a ‘fuel island’ because no pipelines link it to petroleum or crude oil supplies outside the state.

Fueling California believes that a balanced understanding of the opportunities and barriers for California fuel supplies ultimately can drive a needed dialog about the causes of high fuel prices in California. Knowing how particular California policies, like differentiated fuel standards and the state’s fuel tax and fee structure, drive up the cost of fuel also can shed light on why California consumers consistently pay more for gasoline.

Understanding the fairness and true economic impact of California fuel policies, such as whether certain residents pay a disproportionate share of fuel policy costs, also is critically important.

Fueling California welcomes the opportunity to discuss this research in further detail. Please contact me at 916-443-3354 or Austin.Lee@PorterNovelli.com if you have any questions or would like additional information about Fueling California. Thank you.