

## Why We Believe California's Prop 23 is Bad for Business



From 2002-2008, California registered more than 1,200 cleantech patents, more than any other state.

There are more than 12,000 cleantech companies located in California.

Over 600 U.S. investment firms have provided \$10MM+ in cleantech capital.

California has more than 125,000 people directly employed in the cleantech sector.

Over the 2005-2009 period, the cumulative venture capital invested in California cleantech companies exceeded \$9 billion.

*Source: Silicon Valley Leadership Group*

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In the United States, we often undervalue the role good policy can play in helping to support nascent industries that promise significant growth. If entrepreneurs and investors are going to devote years of their lives and tens or hundreds of millions of dollars to develop and commercialize transformative ideas, they need stable, clear policies they can count on. This is particularly true in sectors like clean technology and life sciences, in which a significant amount of capital and time are required to move from R&D, through technology development, to manufacturing and deployment at scale.

The United States currently has a patchwork of state and local clean energy policies. On the federal front, policies are temporary and unpredictable. While other countries have enacted strong policies that promote the clean-energy economy as an area of opportunity, U.S. investors and entrepreneurs are still waiting to find out the rules.

Despite this environment, innovators and investors are pouring resources into solar power, biofuels, electric and plug-in hybrid cars, fuel cells, energy-efficient computing and lighting, and sustainable building practices and materials. Indeed, 80 percent of all venture capital going into cleantech start-ups is going into U.S. companies.

California has attracted a huge amount of cleantech investment, receiving over \$2.1 billion in 2009 — 60 percent of the total in North America. Much of this investment can be attributed to the enabling environment created by [Assembly Bill 32 \(AB 32\)](#). AB 32 was the first legislation in the country to cap greenhouse gas emissions across all sectors of the economy. Signed into law in 2006 by California Governor Arnold Schwarzenegger, AB 32 set a high bar for American innovation in clean energy technology. Together with a clear framework outlined in the state's AB 32 scoping plan developed by the California Air Resources Board, it created market forces that have directed billions of dollars into new research, new companies and new jobs.

**The progress we're making in clean technology development and deployment is at risk — both in California and nationally — because of a November 2010 statewide ballot initiative, financed primarily by Texas oil companies.** The ballot initiative (Prop 23) would indefinitely suspend AB 32, based on the factually inaccurate claim that AB 32 is a job killer.

We oppose Prop 23. In our view, Prop 23 (if passed) would disrupt renewable energy markets, compromise financing for existing and future projects, and threaten tens of thousands of businesses and hundreds of thousands of jobs in the clean energy sector. In addition to dismantling California's progress, it would send a powerful signal to the rest of the country that there is not strong, stable public support for policies that address energy and climate issues. And we believe it would increase the risk that the United States will fall further behind China and the EU in the clean energy race.

More broadly, we think the ballot initiative process is a bad way to make policy and that Prop 23 should be of concern to people across the tech sector. It's hard enough to get legislators to adopt policies that encourage disruptive innovation. If well-heeled incumbents who benefit from the status quo can unwind years of work and de-stabilize an entire sector, the challenges facing innovation will be magnified.

That's why we are actively opposing Prop 23. We recognize your views may differ. But we strongly encourage you to take the time to understand Prop 23, to take a stand and, if you live in California, to vote.

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