

American Truck Dealers A DIVISION OF NADA



California's ZEV and Truck Emissions Regulations Go Too Far Too Fast

Members of Congress should support CRAs to disapprove EPA's granting of California waivers

(H.J.Res. 87/S.J.Res. 46 & H.J.Res. 89/S.J.Res. 47)

ISSUE

Two California Air Resources Board (CARB) mandates have had a detrimental impact on truck dealerships and fleets in the state and will lead to national disruptions in the truck market. The Environmental Protection Agency's (EPA) approval of Clean Air Act waivers for California's Advanced Clean Trucks (ACT) and Omnibus Low Nitrogen Oxide (NOx) regulations allows California and "opt-in" states to enforce their finalized regulations. Ten states (CO, MA, MD, NJ, NM, NY, OR, RI, VT, WA) have adopted California's ACT zero emissions vehicle (ZEV) sales mandate beginning in 2024, and all these states minus Maryland also follow California's Omnibus Low NOx regulation. ATD strongly supports Congressional Review Act (CRA) joint resolutions of disapproval for CARB's ACT and Omnibus Low NOx Rules. The Senate should pass the CRAs to disapprove the ACT Rule (H.J.Res. 87/S.J.Res. 46) and the Omnibus Low NOx Rule (H.J.Res. 89/S.J.Res. 47).

BACKGROUND

The ACT <u>Rule</u> requires truck manufacturers to sell an increasing percentage of zero-emission medium- and heavy-duty vehicles beginning in 2024 depending on the vehicle class and type and eventually reaching 100% ZEV sales by 2036. In 2023, the EPA granted a waiver to California to implement its original ACT rule. The rule went into effect on Jan. 1, 2024. CARB's gradual banning of the diesel engine is happening faster than what should replace it – a technologically viable, affordable ZEV with accompanying charging and refueling infrastructure. A 2024 Clean Freight Coalition <u>study</u> conducted by well-known automotive firm Roland Berger found that full electrification of the U.S. commercial truck fleet would require nearly \$1 trillion in electric infrastructure investment and grid network upgrades to meet demand. As a result, truck dealers in California and optin states will soon be unable to meet their customers' truck purchase needs due to these regulations. Rep. John James (R-Mich.) and Sen. Deb Fischer (R-Neb.) introduced H.J.Res. 87/ S.J.Res.46 to disapprove the ACT waiver.

The Omnibus Low NOx <u>Rule</u> established new diesel tailpipe emissions beginning in 2024 that would increase the cost of a new Class 8 tractor in California and other opt-in states by \$10,000. These standards are also out of sync with EPA's 2027 Low NOx regulation. Rep. Jay Obernolte (R-Calif.) and Sen. Markwayne Mullin (R-Okla.) introduced H.J.Res. 89/S.J. 47 to disapprove the Omnibus Low NOx Rule.

Affordability remains a major hurdle to adoption of clean diesel and zero emission trucks. A typical electric Class 8 truck costs roughly \$400,000, and the average cost for a comparable diesel-powered vehicle is \$180,000. Additionally, the average range for a Class 8 electric truck is about 150 miles. In comparison, an equivalent diesel truck can travel 1,500 miles without refueling.

CARB's mandates have caused major market disruptions as Ford, Ram, and Isuzu have stopped selling specific models in California. These mandates will likely have the unintended effect of delaying new truck purchases and force buyers to hold onto their older trucks longer, delaying the fleet turnover necessary to achieve environmental goals. California opt-in states have begun to experience the market impacts of California's regulatory regime and recently Maryland and Massachusetts temporarily adjusted enforcement to reflect the lack of industry readiness for ZEVs.

KEY POINTS

- **ZEV trucks are in the early stages of deployment.** ZEV technology continues to be tested in real-world conditions to understand operational and technological concerns. Two ZEV trucks would be required to move the same amount of freight as one diesel truck.
- Both CARB regulations will result in a decline of new truck sales. Due to the regulations, California truck dealers
 have already experienced on average 50% reduction in 2024 ICE sales vs 2023 ICE sales due to truck rationing and lack
 of a ZEV truck market.
- CARB <u>estimates</u> that over 43,000 jobs in just California will be eliminated due to their Omnibus Low NOx rule alone. Truck dealers in California will be faced with tough decisions if sales continue to decline.

STATUS

On April 29, ATD sent a <u>letter</u> to all House offices urging passage of both CRAs. On April 30, the House passed H.J.Res. 87 by a bipartisan <u>vote</u> of 231-191 and H.J.Res. 89 with a bipartisan <u>vote</u> of 225-196. On May 22, the Senate passed H.J.Res. 87 by a <u>vote</u> 51-45 and H.J.Res. 89 by a <u>vote</u> of 49-46. The bills now go to the President's desk, where he is expected to sign them into law.

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