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California Air Resources Board
Sacramento, CA

Everyone wants cleaner air and healthier cities. Trucking companies are no exception. We live and work in California and we want our state to be a healthy, prosperous place.

The plan that CARB is proposing is not going to make California more healthy or more prosperous. It will do just the opposite. CARBs proposals are not supported by the state's own economic analysis data. Even economists whose opinions were solicited by the state in support of the initiative think CARB is putting a "rosy face on a plan that might wreak havoc in the state."

Harvard University's Robert Stavins:
"I have come to the inescapable conclusion that the economic analysis is terribly deficient in critical ways and should not be used by the state government or the public for the purpose of assessing the likely costs of CARB's plans."

CARB should go back and re-study the economic underpinnings of their analysis. Their economic justifications are badly flawed.

The California State Legislative Analyst's Office declared "the plan's evaluation of the costs and savings of some recommended measures is inconsistent and incomplete."

This plan will saddle every business and resident of this state with higher costs and make us, as a whole, that much more uncompetitive with other states and regions. CARB has consistently promulgated severe regulations without considering other viable options, and without calculating the actual costs to the state.

A retrofit of our 12-vehicle fleet will cost our small company, with annual gross revenues of around a million dollars, nearly $250,000. We have only ever purchased CARB-approved vehicles, but suddenly those investments will be obsolete without a large capital outlay on our part. Meanwhile, there is no way to make up for the cost of this expense in this economy.

Businesses are seeking out cheaper freight, cheaper production, cheaper labor just to survive this trying time. How can we afford to retrofit? I ask you in all sincerity, how? We are still paying off fuel bills from when diesel soared to more than $5 a gallon in California this summer. Where are we going to get $250,000 in the middle of an economic downturn that has been compared to the great depression? There's been a

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40% drop in the volume of freight in California. Lumber is not moving because houses are not being built. People have no money for home renovation because the value of their homes has dropped so precipitously. General merchandise freight has slowed because consumers are worried about overspending.

When I tell you we are struggling just to keep going, I'm not saying that for dramatic emphasis. I'm saying that as a business owner laboring to keep the doors open the past year. We have borrowed, renegotiated loans, tried to patch old equipment to keep it running a while longer, because there is nothing extra in our budget.

Our employees have not had a raise in years. We have office and capital equipment that needs upgrading. We have been dealing with health care cost increases to the tune of 15 to 20% per year for more than a decade. Sales and use taxes have gone up locally and statewide. Almost every expense has gone up because of energy price increases. These fluctuations are huge challenge for any business but especially for a small business with less than 20 employees.

Now the state wants to put another huge burden on our shoulders.

Since deregulation in the early 1990s, the number of transport companies in the state has drastically diminished. Instead, transportation hubs to serve the California market sprung up in Las Vegas, Phoenix, Reno and Eugene, Oregon. The cost of doing business in those states is much cheaper. Moving across state lines gives companies a major competitive advantage. And that is what has happened. Out of state and transnational trucks come into California, move freight around, and leave. Those trucks leave pollution in our state but do not shoulder the costs of it.

Instead, an ever-shrinking number of struggling California freight companies are faced with paying the bill.

If California wants to focus on pollution related to transportation of goods, it should consider alternatives besides a defacto $20,000 tax on every large truck in the state. Companies provide a service but we do not dictate policy. Perhaps the state should consider levying a tax on items made in countries without comparable environmental laws, or on every widget hauled by an out of state truck. Or consider re-regulating trucking rates so that compensation is once again in line with real world costs and California companies have a level playing field. The state de-regulated freight rates in the 1990s but didn't stop issuing regulations on businesses. Far from it. Now CARB wants us to pay $20,000 for every truck in our fleet to operate in our home state - even though competitors from outside California dont have to meet the same requirements. This is the perfect requirement to kill an industry. There is every incentive to leave the state, and it would be fiscally irresponsible as a company to stay.

What CARB is proposing is an extraordinary action that will hurt every single California

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consumer and taxpayer by increasing prices and shrinking the tax base. Trucking companies are barely making it in the current business environment and these rules will be the final blow.

If there was some kind of logic to the rulemaking and legal process, that would be one thing. But there is not. Ag vehicles are exempted from air quality rules even in the biggest agricultural valley in the state. California fuel costs more than fuel anywhere else in the nation and there is no offset for California companies. Agency's calculate the costs whichever way they have to to rationalize their rulemaking. One cost is calculated but another is ignored, leading to legislative and regulatory equations which are completely out of whack.

There are environmental and social costs caused by a car-oriented consumer culture and we should deal with those as a society, instead of taking a short by imposing anti-competitive business laws that will end up hurting our entire state by shrinking our tax base.

Freight will continue to be moved in California since there is no other way to get items from Point A to Point B except via large trucks. But those trucks wont be California trucks - and they wont be paying California taxes or abiding by CARB rulings. Out of state trucks will do the work, polluting our state in the process, and leaving that much less of a tax base with which California can meet its needs. This rulemaking will drive up the cost of every good and service in the state of California at a time when people can least afford it. And it wont make our state any more prosperous, or healthy.

California can lead and innovate when it comes to environomental issues. But we have to think realistically about the problems we are facing. Putting California transportation companies out of business isn't the answer.

Signed,

Gary Hartmann
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