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1127 11TH STREET, SUITE 501
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Chairwoman Mary Nichols and Members of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95812

**RE: Proposed Statewide Truck and Bus Regulation
and Greenhouse Gas (GHG) Truck Regulation**

Dear Chairwoman Nichols and Board Members:

I am writing on behalf of the California Teamsters Public Affairs Council, which represents 250,000 Teamsters Union members in California.

We are in strong support of the regulation and believe that it is important that California adopt a diesel truck and bus regulation to reduce greenhouse gas emissions and air pollution. Such a regulation is not only good for the environment but good for worker safety. Our members work around commercial vehicles every day and are exposed to their emissions in concentrations significantly higher than the general population. So we view this proposed regulation as something that will have beneficial health consequences to our members on the job where their exposure is greatest.

We do disagree with several parts of the program that create competitive disadvantages. Individual proprietors should not be allowed to avoid compliance until 2017. This will just cause employers using employee drivers to switch to owner-operators to avoid compliance and leave the best trucking companies to comply earlier.

Similarly, we have significant concerns with incentive and subsidy programs that are part of the scheme. We believe that any incentive or subsidy program must not operate to create a subprime lending scheme or create competitive disadvantages for motor carriers.

First, any subsidy program for truck replacement or retrofit should not discriminate on the basis of fleet size. This will tend to limit such a program to providing subsidies to large motor carriers using one-truck owner operators to the disadvantage of other deserving motor carriers. The reality of the trucking market

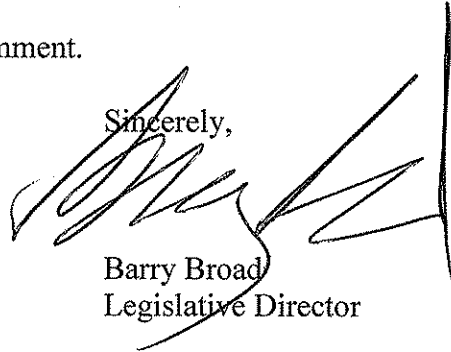


is that many trucking companies have large fleets of single truck owner-operators working for them full-time. Those companies compete directly with motor carriers who purchase their own fleets and use employee drivers. Essentially, then, a large motor carrier would be incentivized to sell equipment, fire drivers, and switch to the use of one-truck owner operators who would qualify for the incentive and bear all of the financial risk.

Second, any incentive program that lends money to motor carriers must be based on sound commercial underwriting standards. If the recent subprime mortgage scandal has taught us anything, it is that money—especially the taxpayers' money—should not guarantee loans made to people who cannot afford them. The vast majority of one truck owner-operators are economically marginal and have no access to capital except in subprime markets. If the State of California guarantees loans to drivers where the lenders share no risk in the event of default and the loan terms are not reasonable, then the program will fail and fail in a scandalous way. The Consumer Federation of California, NAACP, LULAC, and LAANE recently published a report, *Foreclosure on Wheels: Long Beach's Truck Program Puts Drivers at High Risk for Default*, that shows lease-to-own programs are far more likely to push drivers into bankruptcy than to produce clean air.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry Broad", is written over the typed name and title.

Barry Broad
Legislative Director

BB/mn