



Statement of

Chris Spear
President and CEO of the
American Trucking Associations

Before the

Committee on Environment and Public Works
United States Senate

Hearing on

**“The Future of Low Carbon Transportation Fuels and Considerations for a
National Clean Fuels Program”**

February 15, 2023

Introduction

Chairman Carper, Ranking Member Capito, and Members of the Committee, I appreciate the opportunity to testify before you today on behalf of the American Trucking Associations (ATA). ATA is a 90-year-old federation and the largest national trade organization representing the 7.65 million men and women working in the trucking industry. As a fifty-state federation that encompasses 34,000 motor carriers as well as their corresponding suppliers, ATA represents every sector of the industry including less-than-truckload (LTL) and truckload carriers, intermodal trucking companies, agriculture and livestock transporters, auto haulers, household goods movers, and more.

If the United States is to remain the world's leading economy, it must prioritize investments in infrastructure and a resilient transportation network that can withstand supply chain pressures. The trucking industry is tremendously grateful to Chairman Carper, Ranking Member Capito, and those members who worked across the aisle over the past two years and passed legislation to make generational investments in our roads and bridges. Implementation of the IIJA, and specific provisions of the Inflation Reduction Act (IRA), will play a significant role in both safeguarding our supply chain resilience and in meeting important goals for environmental sustainability in freight transportation.

The purpose of today's hearing is to examine the future of low carbon transportation fuels and considerations for a national clean fuels program. On this issue, the trucking industry starts at yes. We recognize the immense importance of reducing emissions and reducing our environmental footprint. To that end, we have an admirable story to tell about decades of successful efforts to eliminate and reduce harmful pollutants by shaping achievable regulations and participating in voluntary programs. We look forward to working with Members of the Committee to formulate future regulations to improve sustainability that are both ambitious and achievable.

Highways are the lifeblood of our economy. Decades of underinvestment have decreased road safety, hindered the efficient movement of goods, and made our economy less competitive. More than 80% of U.S. communities rely *exclusively* on trucking to meet their freight transportation needs, and trucking currently moves more than 70% of the nation's annual freight tonnage.¹ Over the next decade, trucks will be tasked with moving 2.4 billion more tons of freight than they do today, and trucks will continue to deliver the vast majority of goods to American communities.² Congress must continue working to ensure that IIJA funding goes towards eliminating congestion and freight bottlenecks. Doing so will benefit every American by lowering emissions, increasing road safety, and making supply chains more efficient.

Our nation's truck drivers deserve the best infrastructure in the world to earn a living. America's roads are their offices. According to the most recent data from the Bureau of Labor Statistics, truck driver is a top-5 occupation in 30 states, including nine of the 19 states represented by the members of this Committee.³ The trucking industry offers those drivers fulfilling careers with family-sustaining salaries, with truckload drivers earning a median amount of \$69,687 per year, not including benefits.⁴ This represents an 18% increase in truck driver pay since 2019, an admirable increase compared to other

¹ *U.S. Census Bureau Commodity Flow Survey*. U.S. Census Bureau, 2017.

² *Freight Transportation Forecast 2020 to 2031*. American Trucking Associations, 2020.

³ *Occupational Employment and Wage Statistics by State*, U.S. Bureau of Labor Statistics, <https://www.bls.gov/oes/tables.htm>, May 2021.

⁴ *2022 ATA Driver Compensation Study Executive Summary*. American Trucking Associations, June 30, 2022. Available online at: https://ata.msgfocus.com/files/amf_highroad_solution/project_2358/ATA_2022_Driver_Compensation_Study_-_Press_Executive_Summary.pdf (accessed January 19, 2023).

trades.⁵ These remarkable men and women – whether they work as company drivers, independent contractors, or owner-operators – should not have their ability to earn limited by hours spent idling on congested highways, burning unnecessary fuel and wasting valuable hours-of-service.

Aggressive emissions reduction goals are important and necessary. However, to give industry a realistic chance to achieve these noble goals, it is critical that policymakers account for the economy’s increasing demand for trucking services and the current national driver shortage. Trucking is facing dire shortages of drivers and other highly trained professionals such as diesel mechanics. In 2022, the shortage of qualified drivers reached a near-record high of 78,000.⁶ This shortage is expected to increase to 160,000 drivers by 2031 absent any changes to the status quo and we will need to hire 1.2 million new drivers over the next decade.⁷ The deployment of new cleaner diesel trucks, battery electric vehicles, and alternative fuel vehicles means that we also need to recruit and train a new generation of maintenance technicians, electricians, and computer engineers to keep those trucks on the road. These realities must be reflected in the timelines and goals of any regulations that impact trucking.

The trucking industry includes companies of all sizes working in a wide range of specializations. According to June 2022 statistics from the U.S. Department of Transportation (USDOT), 95.7% of private and for-hire motor carriers operate 10 or fewer trucks and 99.7% operate fewer than 100 trucks.⁸ Whereas larger fleets can leverage their economies of scale to absorb cost increases over the short term and continue investing in new equipment and technologies, the thousands of smaller fleets that ensure our nation’s supply chain resilience struggle to overcome such challenges. Lofty goals and timelines for major policy changes will not work if they do not account for the limited financial flexibility of the small and medium-sized fleets that will be forced to comply.

Trucking has made enormous progress in reducing emissions while relying on diesel as the key fuel source for our industry. New technologies that capture diesel pollutants are already reducing the environmental footprint of our supply chains. Trucking is an active partner with federal agencies on national sustainability initiatives and emissions reductions goals that are *ambitious yet achievable* for fleets of all sizes. This Committee can help trucking achieve greater success in these areas by (1) focusing on forward-leaning investments in infrastructure that reduce congestion; (2) encouraging investments in new, clean trucks, new anti-pollution technologies, and sustainable fuels; and (3) considering solutions to key issues such as aging drayage fleets and a national shortage of truck parking.

Thank you for holding today’s hearing to consider these critical issues. I look forward to working with you to share information about the trucking industry and inform potential legislative solutions to protect the safe and efficient movement of our nation’s goods.

The Facts on Trucking’s Environmental Progress

The trucking industry has a positive story to tell about our ongoing emissions reduction and sustainability initiatives. We look forward to building on that history and working with agencies and stakeholders to develop achievable national emissions regulations that will have significant environmental benefits without imposing disruptive cost increases on small trucking companies.

⁵ *Ibid.*

⁶ *ATA Driver Shortage Update 2022*. American Trucking Associations, October 25, 2022. Available online at: https://ata.msgfocus.com/files/amf_highroad_solution/project_2358/ATA_Driver_Shortage_Report_2022_Executive_Summary.October22.pdf (accessed January 19, 2023).

⁷ *Ibid.*

⁸ *ATA Economics and Industry Data*. American Trucking Associations, 2022. Available online at: <https://www.trucking.org/economics-and-industry-data>

In 2006, our industry began phasing out harmful sulfur in diesel fuel, and practically eliminated sulfur oxide emissions. ATA championed two separate Environmental Protection Agency (EPA) and National Highway Traffic Safety Administration (NHTSA) regulations in 2011 and 2016, establishing the first-ever truck engine and vehicle greenhouse gas (GHG) emission and fuel consumption standards—known as Phase 1 and 2, respectively. In total, between 2014 and 2027, the combined Phase 1 and 2 GHG standards stand to cut CO₂ emissions by 1.37 billion metric tons, saving vehicle owners and operators \$220 billion in fuel costs, and reducing oil consumption by up to 2.5 billion barrels of oil over the lifetime of the vehicles sold under the program.

Another example of trucking’s commitment to environmental sustainability is our history of working with EPA to reduce emissions through the voluntary SmartWay program. SmartWay partners have saved billions of dollars in fuel costs, reduced oil consumption, and eliminated millions of tons of air pollutants. EPA estimates that the program has helped its partners save 357 million barrels of oil since 2004.⁹ If one barrel of oil produces 11 to 12 gallons of diesel fuel,¹⁰ that means trucking companies participating in the SmartWay program have saved more than 4 billion gallons of fuel—over \$19 billion at current prices—in the last eighteen years. Critically, those fuel savings resulted in massive emissions reductions of 2.7 million short tons of nitrogen oxide (NO_x); 112,000 short tons of particulate matter, and 143 million metric tons of CO₂.

The trucking industry supports cleaner transportation technologies and fuels to protect our environment and communities. However, I must note that fleets do not make trucks, they are the consumers who purchase them. Each purchase is a decision based on a fleet’s ability to maintain the vehicle, fuel it, keep a driver in the seat, and move freight. In the current trucking marketplace, it is simply impossible to replace fleets of diesel trucks with battery electric or alternative fuel vehicles on the timetables proposed by regulations like those in California, and similar rules under consideration in other states. As recently as last year, prices for new, cleaner diesel trucks skyrocketed because of a lack of availability due to the semiconductor shortage. Prices for new zero emission trucks are two to three times higher than diesel trucks, making them unaffordable for most fleets. These marketplace dynamics make well-intended mandates for deployment of near-zero or zero-emissions equipment impossible to meet for small and medium sized trucking companies.

Increasing the cost of fuel will not move the needle on large-scale substitution of electric, hydrogen, or alternative fuel models for diesel trucks until those options become more financially feasible for small fleets. However, there are environmental gains to be achieved simply through replacing old equipment with new, cleaner diesel trucks. It would be a mistake to let perfect be the enemy of good, and small steps toward meaningful progress are still steps in the right direction. One of the primary ways our industry has achieved tremendous emission reductions is through advancements in engines and emission control systems that make today’s trucks significantly cleaner than past models. A new truck today emits 99% fewer particulate matter emissions than one in 1985, and 99% fewer nitrogen oxide (NO_x) emissions than one in 1975. By comparison, 60 trucks today emit what one truck emitted in 1988.

We strongly support full funding for the EPA’s Diesel Emissions Reduction Act (DERA) program and thank the Committee for increasing program funding under the IRA. As the Committee is aware,

⁹ *SmartWay Program Successes*, U.S. EPA, Available online at: <https://www.epa.gov/smartway/smartway-program-successes>.

¹⁰ *Frequently Asked Questions*, U.S. EIA, Available online at: <https://www.eia.gov/tools/faqs/faq.php?id=327&t=10>

additional DERA funding will help the EPA accelerate the turnover of legacy diesel fleets that use older engine technology and get new, clean equipment on our highways.

ATA joined an industry coalition in advocating for \$150 million for the DERA program in FY2023 and is grateful that Congress provided \$100 million (a slight increase over the FY2022 funding level) in the most recent omnibus spending bill. DERA investments complement effective state and local air programs. According to the August 2022 DERA Report to Congress, EPA estimates that from FY2008-FY2018, DERA programs achieved a reduction of 491,000 tons of nitrogen oxide; 16,800 tons of particulate matter; 65,000 tons of carbon monoxide; and 5,307,100 tons of carbon dioxide while saving 520 million gallons of diesel fuel.¹¹ The trucking industry looks forward to continuing its support for this valuable emissions reduction program.

With an eye towards increasing coordination among private sector stakeholders in support of sustainability, ATA is proudly leading the establishment of a coalition to address energy, emissions, and environmental challenges in trucking. This coalition will bring together ATA, the Truckload Carriers Association (TCA), the National Tank Truck Carriers (NTTC), the Engine Manufacturers Association (EMA), and America's Truck Dealers (ATD) to serve as a collective voice for the industry to policy makers, media, and the public on lowering trucking emissions and improving fuel use in our supply chains. We look forward to growing this exciting initiative and sharing data and information with the Committee as the group takes shape.

The trucking industry looks forward to not only continuing the successful emissions reduction efforts it has already undertaken, but to finding additional ways to reduce our emissions footprint. There is ample precedent for making progress on these issues with federal programs that work collaboratively with trucking stakeholders rather than forcing unworkable mandates on these companies. I am optimistic we can find solutions that continue reducing our emissions profile, are technology neutral, do not significantly burden the industry with new costs, and which are widely available to all segments of the industry. I look forward to working with Members of the Committee, federal agencies, and our partners in the supplier community on achieving these goals.

Challenges of Overambitious State-Based Regulations

To be clear, ATA was a participant in litigation against both the California and Oregon state Low Carbon Fuel Standards prior to their taking effect. We challenged those rules in part because they increased diesel prices and in part because a patchwork of state-based regulations makes it more difficult for companies to operate in interstate commerce. Key issues like emissions reduction are areas where a single national standard is necessary to ensure companies transporting freight are not forced to become creative with how, where and when they purchase new equipment to remain compliant (or where they purchase fuel to reduce costs when that is an option).

California regulations should not automatically become the template for establishing the next national low-NOx standard, for example, nor the template for increasing national fuel prices. Federal standards for these areas need to be technologically and economically achievable, without impeding supply chain operations or business planning for the trucking industry and those who rely upon us to deliver their freight. Low Carbon Fuel Standards create enormous hurdles for small trucking companies because of the impact on fuel prices and the downstream consequences of a lessened ability to invest in new, clean trucking technologies.

¹¹ *Diesel Emissions Reduction Act (DERA): Fifth Report to Congress, EPA, August 2022. Available online at: <https://www.epa.gov/dera/diesel-emissions-reduction-act-dera-reports-congress>*

Trucking is keenly aware of the costs of new requirements and their impacts on energy supplies and supply chains. Projecting forward, fleets are apprehensive about product unavailability, infrastructure delays, and high upfront equipment and supply costs that will undoubtedly eat into their narrow profit margins. Driving down the costs of new technology through new incentives and repealing old disincentives like the federal excise tax on heavy duty trucks will accelerate trucking's adoption of clean technologies and deployment of new equipment. Increasing the trucking industry's operating costs for trucks currently on the road will only slow that process.

Considerations on Fuels Regulations and Their Impact on Trucking

According to the American Transportation Research Institute's (ATRI) annual survey of the industry, fuel is the second-highest operating cost for trucking and accounts for 22% of the motor carriers' average marginal costs.¹² That same survey noted that from 2020-2021, the average marginal cost per mile of fuel increased at nearly three times the rate of the overall annual average marginal cost per mile of operation. Finally, the report shows that fleets of twenty-six trucks or fewer paid the highest fuel costs per mile among truckload fleet respondents, nearly 20% more than fleets with over 1,000 trucks. When energy prices spike due to global events or new regulations, the costs fall the hardest on these small businesses and family trucking companies. ATA welcomes the opportunity to work with this Committee on *ambitious yet achievable* solutions that reduce the vulnerability of our supply chains to such volatility and that lower costs for our members.

Recent price surges for diesel fuel hit trucking hard, costing the industry tens of billions of dollars. These cost increases led to bankruptcies, increased costs for American consumers, and difficult decisions by fleets of all sizes on how much they could invest in new, cleaner trucks. In 2019, U.S. trucks consumed 45.6 billion gallons of distillate fuel—of which 36.5 billion gallons were diesel.¹³ The trucking industry's fuel bill in 2019 was \$112 billion when prices were \$3.00/gallon. However, diesel prices rose throughout 2022, reaching a high of \$5.81/gallon—90% higher than 2019 average prices. This increase resulted in an annual diesel fuel bill exceeding \$200 billion for the American trucking industry, nearly a \$100 billion yearly increase.¹⁴

Those estimates are based on national average retail fuel prices. Looking specifically at California and Oregon, two states which enacted Low Carbon Fuel Standards, the prices spiked far higher. Two weeks after national diesel prices peaked at \$5.81/gallon, Oregon diesel prices peaked at \$6.47/gallon.¹⁵ The average price for diesel in Oregon as of a week ago was \$4.78/gallon, 4% higher per gallon than the national average and 25.5% higher than the national average a year ago.¹⁶ In California, which last year saw a new record high average price of \$7.01/gallon, the average diesel price last week was \$5.70/gallon, which is 24% higher than the national average and 49.7% higher than the national average a year ago.¹⁷

¹² *An Analysis of the Operational Costs of Trucking: 2022 Update*, American Transportation Research Institute, August 2022.

¹³ *ATA Economics and Industry Data*. American Trucking Associations, 2022. Available online at:

<https://www.trucking.org/economics-and-industry-data>

¹⁴ ATA Analysis based on EIA fuel pricing data. Available online at: <https://www.eia.gov/>

¹⁵ *2022 Oregon Gas Price News*, AAA, Updated December 2022. Available online at: <https://info.oregon.aaa.com/2022-oregon-gas-price-news/>

¹⁶ *Oregon Average Gas Prices*, AAA, Updated daily and accessed 10 February 2023. Available online at: <https://gasprices.aaa.com/?state=OR>

¹⁷ *California Average Gas Prices*, AAA, Updated daily and accessed 10 February 2023. Available online at: <https://gasprices.aaa.com/?state=CA>

There are practical obstacles to simply transitioning away from diesel vehicles to solve the issue of fuel prices and reduce the carbon intensity of trucking. Battery and alternative fuel vehicles are not available to fleets in sufficient numbers and at affordable prices, even in states like California that have placed unrealistic timelines mandating a transition from diesel trucks. Another problem with the unachievable mandate is that the infrastructure to support those vehicles is also not yet in place. For battery electric trucks, few public fast charging stations currently have the space and infrastructure needed to accommodate heavy-duty vehicles, and building more stations could exacerbate the existing shortage of safe commercial truck parking.

The difference in price is stark – hundreds of thousands of dollars for battery electric compared to diesel versions, and the number of models that are commercially available is limited to a small selection. Long-haul heavy trucks with significantly heavier batteries suffer from limited range and reduced payload capacity. While some of these challenges can be mitigated with longer payback periods or the installation of private or semi-private charging facilities, we know this technology will require unprecedented advancements in battery range, capacity, and power grid integration to become a truly viable option for most operators.

The path forward will require increased clean power generation and a strengthened energy grid through investments in the IIJA and IRA. Agencies need to work with trucking interests and stakeholders including our current ecosystem of fuel providers as they consider the path towards emissions reductions through electrifying transportation and incentivizing the use of low- and zero-emission fuels. Trucking and our fuel providers have a symbiotic relationship that can be leveraged to reduce the costs and disruption from this transition. Distribution of IIJA alternative fuel grant dollars and funding for electrification will be most impactful and will help facilitate the market development for those technologies if our longstanding, trusted fuel provider partners play a role in our clean energy future.

To the point of needed investments in our power grid to support battery electric vehicles, and specifically heavy-duty trucks, the statistics on the amount of energy that will be consumed following that transition are astounding. A recent study from ATRI found that electrification of the U.S. vehicle fleet would consume 40.3% of the current total electricity demand when our aging grid can hardly sustain its current energy needs.¹⁸ In California, where rolling blackouts are not uncommon, utilities would need to generate an additional 57% of their current total electricity output to support an electric vehicle fleet.¹⁹

We also know the United States' minerals supply chains are not prepared for the scale of sustainable procurement needed to transition our freight economy to battery electric technology. To produce the lithium-ion batteries that would theoretically power the hundreds of thousands of long-haul power units needed to meet the Administration's emissions goals, we would need tens of millions of tons of cobalt, graphite, lithium, and nickel, which could take as long as 35 years to acquire given current levels of global production.²⁰

We encourage a holistic view of the emissions impact and carbon costs of securing these minerals, refining them, and then manufacturing the batteries that will be needed for heavy-duty trucks – from

¹⁸ *Charging Infrastructure Challenges for the U.S. Electric Vehicle Fleet*, American Transportation Research Institute, December 2022. Available online at: <https://truckingresearch.org/2022/12/06/charging-infrastructure-challenges-for-the-u-s-electric-vehicle-fleet/>

¹⁹ *Ibid.*

²⁰ *Ibid.*

“well to wheel” to truly understand the environmental impacts and carbon intensity of the transition away from diesel fuel. For instance, in the case of lithium mining, production creates considerably more CO₂ and pollution, and consumes more resources, than does the manufacture of materials for internal combustion engines. In some operations, a minimum of one million gallons of water are necessary to produce a single pound of lithium.²¹

Interestingly, the Biden Administration’s multiagency *U.S. National Blueprint for Transportation Decarbonization* identifies battery electric technology as a “limited long-term opportunity” in the long-haul segment and points out better-positioned opportunities for hydrogen and sustainable liquid fuels.²² These alternatives offer advantages in energy density, comparable refueling times with diesel fuel and, in the case of biodiesel and renewable diesel, compatibility with many current internal combustion engine configurations. Despite the aggressive timelines set out by the state of California to mandate battery electric vehicle manufacture and fleet sales, the Administration’s blueprint notes longer, more manageable timelines extending out to 2050.²³ A diverse, interstate industry such as trucking will benefit from these more manageable timelines, and a recognition that a one-size-fits-all approach does not work on a national basis. A battery electric truck with a charging capacity of 1500 kWh might have a 500-mile range in warm, sunny Southern California or Texas, but it would have significantly less range in a cold winter on mountain roads in Wyoming or West Virginia.

When battery electric vehicles are not the answer, federal support should refrain from playing favorites, and instead assist in the buildout of alternative fuel facilities. Proposals for hydrogen infrastructure for trucks need to ensure that the infrastructure is in place where that technology best fits in supply chains. Where lifecycle emissions can be reduced by deploying renewable diesel and renewable natural gas, those fuel stocks need to be available for trucking.

How Congress Can Help with Ambitious Climate Goals for Trucking

An ideal future for zero emissions in trucking is one in which congestion-free highways facilitate the interstate movement of clean vehicles that are affordable for fleets of all sizes. These trucks would be powered by renewable fuels or fast charging networks that are accessible nationwide and governed by harmonized national standards rather than a patchwork of state laws. We can avoid crippling our supply chains in pursuit of this outcome only if state and federal policymakers listen to industry stakeholders about where investments are most impactful and what a realistic timeline looks like.

Underpinning all the following recommendations is the need for a long-term, stable revenue source. We need to have the dedicated resources to maintain and improve our nation’s highway system if we seek to remain the world’s leading economy. Without a stable revenue source, it will be difficult for states to commit to funding crucial and expensive projects. The fuel tax has, for at least a century, provided the preponderance of that stable income. However, because Congress has failed to increase the rate of the federal tax since 1993, inflation has significantly reduced the value generated by the tax. While the fuel tax will likely have to be replaced or supplemented, it will be a viable revenue source for at least the next decade, and the rate of tax should be raised and indexed to inflation.

In the meantime, the Administration should work with Congress, States, and the private sector to find a viable replacement for the fuel tax (and other Highway Trust Fund income sources such as the outdated

²¹ *Ibid.*

²² *The U.S. National Blueprint for Transportation Decarbonization*, page 50, U.S. Department of Transportation, January 2023.

²³ *Ibid.*

12% federal excise tax on heavy duty vehicles) that can provide stable highway funding for the foreseeable future. The IJA included funding for State, national, and local pilot programs to explore new revenue sources. ATA looks forward to working with the U.S. Department of Transportation and grant recipients to implement a robust and comprehensive research and testing program.

Target IJA Funding at Reducing Congestion

As technologies for clean vehicles mature and the infrastructure buildout continues for electric and alternative fueled passenger and commercial vehicles, the greatest near-term reductions in emissions must come from dedicating infrastructure funding towards reducing and eliminating congestion. Reducing idling hours and time wasted in stop-and-go traffic on our nation's highway bottlenecks will make more efficient use of every gallon of fuel burned, as well as benefit our nation's truck drivers and highway safety. Congress should ensure that highway funding is directed to new construction that targets those chokepoints.

Highway congestion adds nearly \$75 billion to the cost of freight transportation each year.²⁴ In 2016, truck drivers sat in traffic for nearly 1.2 billion hours, equivalent to more than 425,000 drivers sitting idle for a year.²⁵ This caused the trucking industry to consume an additional 6.87 billion gallons of fuel in 2016, representing approximately 13% of the industry's total fuel consumption, and resulting in 67.3 million metric tons of excess carbon dioxide (CO₂) emissions.²⁶

Congestion serves as a brake on economic growth and job creation nationwide. A first-world economy cannot survive a developing-world infrastructure system. As such, the federal government has an obligation to ensure that necessary resources are available to address this self-imposed and completely solvable situation. ATA encourages USDOT to prioritize the discretionary program resources made available by the IJA to address major freight bottlenecks. Furthermore, given the importance of the National Highway System—and especially the Interstate System—to the supply chain, a greater share of federal investment should be directed toward the maintenance and improvement of these highways that are key freight corridors.

Last week, ATRI released their annual report on the national top 100 freight bottlenecks.²⁷ This report uses extensive GPS data to identify granular chokepoints on our interstates and specific data showing where vehicles are forced to slow down or sit idle. This year's list includes locations in 31 states, including 22 in states represented by Members of this Committee. These points of congestion are brakes on our economy and pain points for all of America's drivers as they sit idle side-by-side with commercial motor vehicles.

Beyond addressing the major problems caused by congestion, we must continue investing in America's freight intermodal connectors—those roads that connect ports, rail yards, airports and other intermodal facilities to the National Highway System. These heavily trafficked roads are an essential part of the freight distribution system that have been historically neglected in spite of their importance to the nation's economy, and to emissions reduction efforts in states with significant intermodal activity. Just 9% of connectors are in good or very good condition, 19% are in mediocre condition, and 37% are in poor condition.²⁸ Not only do poor roads damage both vehicles and the freight they carry, but the

²⁴ *Cost of Congestion to the Trucking Industry: 2018 Update*. American Transportation Research Institute, Oct. 2018.

²⁵ *Ibid.*

²⁶ *Fixing the 12% Case Study: Atlanta, GA*. American Transportation Research Institute, Feb. 2019.

²⁷ *Top 100 Bottlenecks – 2022*. American Transportation Research Institute, 2022.

²⁸ *Freight Intermodal Connectors Study*. Federal Highway Administration, April 2017.

Federal Highway Administration (FHWA) found a correlation between poor roads and vehicle speed. Average speed on a connector in poor condition was 22% lower than on connectors in fair or better condition.²⁹ FHWA further found that congestion on freight intermodal connectors causes 1,059,238 hours of truck delay annually and 12,181,234 hours of automobile delay.³⁰ Congestion on freight intermodal connectors adds nearly \$71 million to freight transportation costs each year.³¹

Although the IJJA did not set aside funding for either highway bottleneck elimination or intermodal connectors, these projects are eligible for funding under several of the discretionary programs, including the Nationally Significant Freight and Highway Projects Program, the Bridge Investment Program, the National Infrastructure Project Assistance Program, and the Local and Regional Project Assistance Program. Congress should provide the necessary oversight to ensure that the resources available from these programs are used primarily for projects that improve transportation safety and freight mobility. These programs should not be used to advance parochial agendas that are outside of their Congressionally mandated scope. Under the IJJA, states will receive more than \$50 billion per year in federal-aid highway funding. Much of that can, and should, be used to modernize and expand infrastructure, targeting congestion with a focus on improving the efficiency of key freight corridors.

Additionally, ATA cautions against federal policies that are likely to prevent or hamstring state and local agencies' efforts to expand highway capacity. This includes conditioning the expenditure of federal funds for new capacity on a showing that alternatives, such as operational strategies or investment in alternative transportation modes, are definitively ruled out. The National Environmental Policy Act (NEPA) process already requires consideration of alternatives, and layering additional requirements onto the existing process is redundant, costly, and cumbersome. We are also concerned about policies that seek to eliminate or downgrade highways in the name of equity or environmental justice without fully accounting for the impacts of these approaches on supply chain efficiency.

Furthermore, ATA is concerned about a December 16, 2021 Federal Highway Administration (FHWA) memorandum to its staff that outlined Administration policies with regard to the federal-aid highway program. The memo, in part, directed staff to “encourage” states and other federal-aid recipients to prioritize roadway maintenance and non-highway modal projects over the construction of new highway capacity. This directly contravenes policies that Congress rejected during IJJA debate. While USDOT claims the memo will not have a substantial impact on project selection, the Government Accountability Office (GAO) disagrees. In a December 15, 2022 report, GAO stated that the memo “...sets out FHWA's preferred projects for funding under the Infrastructure Investment and Jobs Act. When an agency rule has the effect of inducing changes to the internal policy or operations choices of the regulated community, that rule has a substantial impact on the rights and obligations of non-agency parties.”³² Therefore, GAO concluded that the memo is subject to the Congressional Review Act. ATA supports current efforts by Members of the Committee to pass a resolution of disapproval that negates the effects of the FHWA memo.

Reduce the Cost of New, Clean Vehicles and Ensure Renewable Fuels Availability

²⁹ *Ibid.*

³⁰ *Ibid.*

³¹ *An Analysis of the Operational Costs of Trucking: 2018 Update.* American Transportation Research Institute, Oct. 2018. Estimates average truck operational cost of \$66.65 per hour.

³² *Federal Highway Administration—Policy on Using Bipartisan Infrastructure Law Resources to Build a Better America.* U.S. Government Accountability Office, December 15, 2022.

Mandates for emissions reduction and decarbonization will require the widespread deployment of new, cleaner, or alternative fuel vehicles that are significantly more expensive, and which are not yet widely available. The antiquated Federal Excise Tax (FET) on heavy-duty vehicles, created by Congress to fund America's participation in World War I, adds an additional 12 percent to the cost of every new truck. If Congress is serious about reducing emissions from trucking and the supply chain, then the first step is to remove this onerous tax and immediately make new, clean equipment more affordable. We are grateful to the bipartisan, bicameral sponsors of legislation in the 117th Congress, including Sen. Ben Cardin on this Committee, who proposed removing this burdensome cost.

ATA supports technology-neutral efforts to incentivize the deployment of new, clean trucks. Where Congress has chosen to provide targeted incentives in this area, such as the 45W tax credit for Qualified Commercial Clean Vehicles and the 30C Alternative Fuel Vehicle Refueling Property credit, ATA will work with federal agencies to formulate guidance that will enable industry to maximize the effect of the incentives on emissions reductions.

In the case of initial guidance proposed by the IRS on Qualified Commercial Clean Vehicles, ATA recommended changes to extend the credit to vehicles reaping the benefit of maturing technologies that charge vehicles through regenerative braking or solar sources. We hope that the agencies will take stakeholder feedback into account as they implement provisions of the IRA. Additionally, we urge Congress to give the market time to adjust as various tax credits and infrastructure improvements are undertaken that affect the underlying economics of trucking and the supply chain, before considering or pursuing additional measures that may drive up the operational costs of trucking.

The Carbon Oxide Sequestration credits in the IRA are another area where the agencies can enhance the legislation's environmental benefits. In December, ATA submitted comments to the IRS, asking it to recognize mobile sources as eligible facilities for the credit. This would make retrofitting trucks with mobile carbon capture and storage technology more cost-effective. IRS guidance on aggregating smaller carbon capture units is needed for companies to obtain the credit and meet the minimum carbon capture thresholds.

Looking further at the possibilities presented by sustainable liquid fuels for trucking and the transportation sector, it is important to note that the IRA created a challenge for the deployment of sustainable renewable fuels in trucking. While the current tax credits for renewable natural gas and renewable diesel are \$0.50 and \$1.00 per gallon, respectively, the credits for Sustainable Aviation Fuel (SAF) under the IRA increased up to \$1.75/gallon. The biodiesel blenders tax credit has built a robust biodiesel and renewable diesel industry domestically, which enhances our supply of fuel, limits our exposure to global petroleum markets, and improves the transportation sector's emissions footprint. From 2005-2021, the biodiesel and renewable diesel market grew from 100 million gallons to 3.2 billion gallons.³³ However, the increased credit for SAF stands to disrupt or eliminate the market for biodiesel and renewable diesel by diverting limited feedstocks. Overall carbon emissions will increase as a result, because SAF production is a less efficient process than renewable diesel production.³⁴

³³ California Air Resources Board Proposed Advanced Clean Fleets Regulation. Available online at: <https://ww2.arb.ca.gov/rulemaking/2022/acf2022>

³⁴ *Clean Truck Program (CTP) – Gate Move Analysis*. Port of Los Angeles, December 2022. Available online at: <https://kentico.portoflosangeles.org/getmedia/452bad8c-4e16-490f-bab6-155b061866bb/POLA-Monthly-Gate-Move-Analysis> (accessed January 19, 2023).

There are opportunities under the EPA's Renewable Fuels Standard (RFS) program to promote immediate carbon reductions in interstate transportation. Both renewable diesel and biodiesel are significantly more expensive than diesel if government incentives are absent or reduced. However, these alternatives have significantly lower carbon intensity – roughly 50% fewer GHG emissions -- than conventional fuel. Last week in comments filed with EPA, ATA encouraged the agency to increase the annual mandated volumes in the advanced category. Major increases in the mandate for advanced biofuels could offset some of the consequences of migration renewable diesel feedstocks to SAF. Taking action to improve access to, and the economics of, purchasing sustainable fuels as a preferred fuel source will have significant and long-term emissions reduction benefits.

The transitions to new technologies will take time, and the push for unrealistic timelines to make those changes neglects both the enormous progress in emissions-reducing technologies in trucking technology and the potential emissions reductions from removing barriers to the purchase of new, clean trucks and renewable fuels.

Considerations for Drayage and the National Safe Truck Parking Shortage

As with the need to invest highway dollars in eliminating congestion, there are additional key points in the supply chain that too often lead to inefficient use of trucks and an inefficient use of another important resource: driver hours of service. Investments in port intermodal connector infrastructure and port emissions reductions under both the IJA and IRA will provide more immediate benefits than raising the price of fuels and putting drayage operators, who play a critical role in ensuring the movement of freight between maritime and inland facilities, out of business. At the same time, investing in the construction of safe truck parking facilities will ensure that driver hours (and time spent burning diesel fuel) are spent productively moving freight rather than searching for a safe, secure and authorized location to park.

Many states with significant maritime port activity are pursuing ambitious climate goals at those facilities. ATA and our members are committed to sound environmental policies, but we emphasize that meeting the timeframes envisioned in many of these efforts will require significant advancements in both technology and infrastructure. Even if equipment with advanced environmentally friendly technologies become commercially available at the scale these climate goals require, the economics of acquiring and deploying that equipment need to be considered, and reasonable timetables set, in order to avoid destabilizing supply chains.

While the IJA and IRA contain considerable federal funding to assist ports in this process, the changes that will be required are certain to bring substantial disruption. For example, in coming weeks the FHWA plans to open grant applications for the Reduction of Truck Emissions at Port Facilities program, which will make \$160 million available for projects to reduce emissions related to idling trucks. ATA urges this Committee to use its oversight authority to balance the focus on improving port efficiency and meeting environmental targets with the economic realities facing trucking and other supply chain providers who are challenged to meet those ambitious goals.

In December of 2022, 99.87% of visits to the Port of New York/New Jersey were by diesel-powered trucks.³⁵ At the Port of Los Angeles, 93% of container moves and 95% of trucks are powered by diesel fuel with virtually all of the remaining movements powered by natural gas. At the beginning of this year, California prohibited the use of truck engines manufactured prior to 2010, which accounted for 13% of

³⁵ *PortTruckPass Comprehensive Report*. Port Authority of New York and New Jersey, December 2022.

all containers moves at the Port of Los Angeles in December.³⁶ (The figure for New York/New Jersey is even higher at 30.48%.³⁷) Thus far, the reduction in freight levels has meant that this requirement has not yet impacted the overall supply chain.

However, the California Air Resources Board is seeking to phase out older trucks and ultimately allow only zero emission trucks at the ports by 2035. This would mean all drayage trucking companies would need to replace their fleets entirely, an unrealistic expense for an ecosystem of carriers that tend to be small companies operating at low margins and whose productivity is often victim to unpredictable cargo availability and terminal access, unfair requirements to use chassis providers that force inefficient trips to and from ports, and detention at inland warehouses. ATA has expressed significant concerns regarding CARB regulations and there is no question that requirements to upgrade to newer model trucks will force considerable costs on companies working in drayage at those ports. Looking more broadly at all fleets working in intermodal freight, we need to be mindful of the challenges small businesses face during the transition to new technologies.

A larger national issue which large and small fleets share in common, and which contributes to increased emissions, inefficient utilization of equipment, and negative consequences for the wellbeing of truck drivers is the lack of safe truck parking facilities. In 2019, the FHWA found that the percentage of drivers who regularly experienced difficulty finding truck parking had skyrocketed from 75% to 98%.³⁸ Time spent looking for available truck parking costs the average driver about \$5,500 in direct lost compensation—or a 12% cut in annual pay, according to a 2016 report.³⁹ More relevant to emissions reductions, time spent seeking safe parking is time spent using equipment inefficiently. The current public and private availability of truck parking spaces nationwide is 313,000 for over three million truck drivers.

The limited number of spaces not only denies drivers facilities they need for a higher quality of life such as restrooms, showers, and meals, but is a limiting factor on placement of infrastructure to support electric and alternative fuel vehicles. Drivers deserve to be treated with dignity, and we are grateful to Committee Members for their attention to the issue. Senators Cynthia Lummis and Mark Kelly sponsored the Truck Parking Safety Improvement Act last Congress, which proposed \$755 million over four years to build out safe truck parking capacity and address this infrastructure shortcoming. We were disappointed that the IJA did not include dedicated funding for truck parking, and we look forward to working with Congress on long-term solutions.

As Congress works with stakeholders, including many fuel providers who also offer facilities to truck drivers, ATA would note that studies on the cost of providing electrical infrastructure and power to support charging at expanded parking facilities could be significant. ATRI estimates that it would take \$35.9 billion to electrify the current parking facilities, which are insufficient. The amount of electricity required by such a facility would be astounding. In their case study of the Pecos West County Rest Area in Texas, which holds 67 parking spots and hosts 369 unique truck visits in an average day, ATRI

³⁶ *Clean Truck Program (CTP) – Gate Move Analysis*. Port of Los Angeles, December 2022. Available online at: <https://kentico.portoflosangeles.org/getmedia/452bad8c-4e16-490f-bab6-155b061866bb/POLA-Monthly-Gate-Move-Analysis> (accessed January 19, 2023).

³⁷ *PortTruckPass Comprehensive Report*. Port Authority of New York and New Jersey, December 2022.

³⁸ *Jason’s Law Commercial Motor Vehicle Parking Survey and Comparative Assessment Presentation*. Federal Highway Administration, U.S. Department of Transportation, December 2020.

³⁹ *Managing Critical Truck Parking Case Study: Real World Insights from Truck Parking Diaries*. American Transportation Research Institute, December 2016.

estimates that the daily electricity consumption if used as a charging station would be the equivalent to 5,000 households.

In Conclusion

Thank you for the opportunity to testify before you today on behalf of the American Trucking Associations and the 7.65 million people in trucking related jobs who power our nation's supply chains and keep the wheels of the economy turning. Trucking is focused on playing a key role to identify and advance workable solutions to the environmental challenges that we face.

I am proud to share the story of trucking's contributions to our country's ongoing effort to reduce emissions and grow a more environmentally sustainable economy. Congress has taken actions in the past two years which will ensure a more competitive economy with more resilient supply chains and safer, cleaner freight transportation. I look forward to working with Chairman Carper, Ranking Member Capito, and Members of the Committee on implementing those pieces of legislation and finding common ground on solutions that will help us meet ambitious energy and emissions goals. Thank you.