June 12, 2019

Honorable Members
California Congressional Delegation
Washington, D.C. 90510

Re: Significant Negative Impacts to Transportation Funding and Projects from the Proposed Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021-2026 Passenger Cars and Light Trucks

Dear Honorable Members,

The undersigned businesses and organizations, representing the transportation industry and workforce that builds, repairs and maintains California's statewide transportation system, write to convey our significant concerns with the proposed rulemaking which would rollback national fuel-efficiency standards and result in a wide variety of disastrous impacts in California and across the nation. **The proposed rulemaking would put nearly 2,000 transportation infrastructure improvement projects, totaling over $130 billion at risk of project delivery delays, or loss of funding in California and would have severe impacts on tens of thousands of well-paying construction jobs and the overall economy. If the rule were finalized in 2019, approximately $28 billion would be at risk in the first year alone.** These impacts are in addition to the more obvious impacts such as increases in carbon dioxide and nitrogen oxides emissions from less fuel-efficient vehicles (15 million metric tons by 2030 and 763 million more tons per year by 2030, respectively) making our air dirtier and reducing quality of life in the Golden State.

Specifically, the U.S. Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA) have proposed the Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021-2026 Passenger Cars and Light Trucks to amend existing Corporate Average Fuel Economy (CAFE) standards and establish new standards for model years 2021 through 2026. If finalized, by changing the fundamental assumptions of vehicle fuel-efficiency, the SAFE Rule would invalidate California's air quality emissions model (known as EMFAC) which is used by the State to meet the Federal Highway Administration's (FHWA) transportation planning requirements. Without a valid air quality conformity model, the State and regional transportation planning agencies in non-attainment areas would be unable to obtain federal approval or make modifications to specified transportation projects in the pipeline (see attached map for information on potentially impacted areas). While the State would endeavor to update the EMFAC model, the California process would take up to 12 months, and regions would also need another 1 to 2 years to complete air quality planning work necessary to obtain EPA approval before transportation projects could resume.

While we understand the proposed rule is purported to save Americans $500 billion a year in societal costs, we are very troubled that EPA and NHTSA failed to include an analysis of the impacts the proposed rule would have on transportation projects, on well-paying construction jobs, and on small and disadvantaged businesses. Our analysis shows that it would put $130 billion in transportation funding at-risk in California alone. FHWA reports that every billion invested in transportation infrastructure supports 13,000 jobs. Should the rule become final, tens of thousands of jobs will be impacted in California. Moreover, should fuel-efficiency of our passenger vehicles and light-duty trucks decrease, construction workers and the businesses that employ them will experience increased costs due to paying more at the pump. We are also very concerned that the SAFE Rule would also add increased pressure on California businesses to reduce GHG emissions and address climate change from other sources if vehicles become less fuel-efficient.

As you know, California recently evaluated various options for increasing state transportation funding in recognition of an identified $130 billion state and local funding shortfall just to repair and maintain our existing transportation infrastructure, let alone our capital needs to expand the existing multi-modal transportation network to accommodate mobility demands and economic and population growth. The dismal condition of our highways, roads, bridges, transit systems, and other essential components such as sidewalks and bike lanes that support a range of mobility options in the state was stifling the economy, costing nearly 40 million Americans to sit in traffic to get to and from school, work, shopping, medical care, recreational activities, and put the traveling public's safety at-risk. The condition of our transportation infrastructure hampers national security, public safety, and the movement of goods, particularly from California's ports of entry which serve the rest of the country. The result of that policy making effort – Senate Bill 1: The Road Repair and Accountability Act of 2017 – invests over $5 billion in state revenues annually to rebuild and make safer California's transportation network and deliver more reliable mobility options. California voters went to the polls in November 2018 and confirmed that they support transportation tax increases when those funds are protected and dedicated to transportation and invested in every single community in the state. After years of sustained debate and negotiation, the proposed SAFE Rule puts all of this at-risk and runs counter to the will of California voters.

The Trump Administration and leaders of both parties in Congress have indicated that increased funding for infrastructure is a priority. Action to finalize the SAFE Rule as proposed in August 2018 would be entirely inconsistent with statements of support for investing in the nation's vital infrastructure. Therefore, the undersigned organizations and businesses are strongly opposed to the proposed rulemaking as currently drafted and implore the California Congressional Delegation to work together with the Trump Administration so that the impacts are fully understood and mitigated in the rulemaking. No further action should be taken until a solution that allows vital transportation infrastructure projects to move forward (a grace period of at minimum 24 months to allow states to update models prior to taking effect and/or support for the House Transportation Housing and Urban Development Appropriations bill) has been incorporated into any rulemaking.

Respectfully,

/s/

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