BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

IN THE MATTER OF:	)	
	)	R2024-017
PROPOSED CLEAN CAR AND	)	
TRUCK STANDARDS	)	(Rulemaking – Air)

NOTICE OF FILING

TO: Don Brown
Clerk of the Board
Illinois Pollution Control Board
60 E. Van Buren St., Suite 630
Chicago, IL 60605

Vanessa Horton
Carlie Leoni
Hearing Officers
Illinois Pollution Control Board
60 E. Van Buren St., Suite 630
Chicago, Illinois 60605

(VIA ELECTRONIC MAIL)
(SEE PERSONS ON ATTACHED SERVICE LIST)

NOTICE OF FILING

PLEASE TAKE NOTICE THAT on the 21st day of January 2025, the undersigned electronically filed with the Clerk of the Illinois Pollution Control Board, via the "COOL" system, Illinois Automobile Dealers Association's Pre-File Testimony of Lawrence Doll and Mike Stieren in Opposition of Rule Proponents' Regulatory Proposal on behalf of the Illinois Automobile Dealers Association, true and correct copies of which are attached hereto and hereby served upon you.

Respectfully submitted,
ILLINOIS AUTOMOBILE DEALERS ASSOCIATION

By:/s/_____

Dated: January 21, 2025

Lawrence Doll
ILLINOIS AUTOMOBILE DEALERS ASSOCIATION
300 W. Edwards, Suite 400
Springfield, Illinois 62704
LDoll@illinoisdealers.com
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CERTIFICATE OF SERVICE

I, the undersigned, on the oath, state the following: That I have served the attached

ENTRY OF APPEARANCE and **QUESTIONS TO PROPONENTS** via electronic mail upon:

Mr. Don A. Brown Clerk of the Board Illinois Pollution Control Board 60 East Van Buren Street, Suite 630 Chicago, IL 60605 don.brown@illinois.gov	Vanessa Horton & Carlie Leoni Hearing Officers Illinois Pollution Control Board 60 East Van Buren Street, Suite 630 Chicago, IL 60605 vanessa.horton@illinois.gov carlie.leoni@illinois.gov
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That my email address is LDoll@illinoisdealers.com

That the number of pages in the email transmission is 12.

That the email transmission took place before 4:30 p.m. on October 28, 2024.

Date: January 21, 2025

/s/_____
Lawrence Doll

CERTIFICATE OF SERVICE

I, Lawrence Doll, Legal Counsel for the Illinois Automobile Dealers Association, caused to be served on this 21st day of January 2025, a true and correct copy of the Illinois Automobile Dealers Association's Pre-Filed Testimony of Larry Doll and Mike Stieren in Opposition of Rule Proponents' Regulatory Proposal upon the persons listed on the Service List via electronic mail or electronic filing, as indicated.

By: */s/ Lawrence Doll*
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BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

IN THE MATTER OF:	)	
	)	R 2024-017
PROPOSED CLEAN CAR AND TRUCK STANDARDS	)	(Rulemaking – Air)

JOINT TESTIMONY OF MIKE STIEREN & LARRY DOLL

I. Introduction

Thank you for the opportunity to provide testimony on the proposed adoption of the Advanced Clean Cars II (ACC II) regulations. Our names are Mike Stieren and Larry Doll, and we serve as the Director of Legislative Affairs and Legal Counsel, respectively, for the Illinois Automobile Dealers Association (IADA).

The IADA represents 700 franchised new car and truck dealerships across Illinois, which are essential to the state's economy. In 2023, these dealerships directly employed over 44,000 individuals, contributed $3.37 billion in state and local taxes, and generated more than $42 billion in total sales. Beyond their economic impact, Illinois' franchised dealers provide reliable transportation to millions of drivers, create well-paying jobs, and invest heavily in their communities.

As automobile dealers, we share Illinois' commitment to reducing emissions and improving air quality. Between 2022 and 2024, Illinois dealers invested more than $171,000,000 million in preparing for the sale and service of electric vehicles, underscoring our commitment to the EV transition. However, we firmly believe the proposed rule, R 2024-017, which would adopt California's ACC II, Low NOx, and Advanced Clean Trucks (ACT) standards, is not the right approach for Illinois.

This mandate imposes a rigid, one-size-fits-all framework that fails to account for Illinois' unique market, infrastructure, and demographic realities. It risks increasing vehicle costs, limiting consumer choice, and disproportionately burdening rural and low-income communities. Illinois has already taken bold, state-specific steps to reduce emissions through the Climate and Equitable Jobs Act (CEJA), which sets ambitious, achievable, and locally tailored goals for carbon reduction. Adding this rule would undermine the thoughtful progress Illinois has already made.

For these reasons, we respectfully urge the Board to reject this proposal. Illinois deserves policies that are crafted with its distinct needs in mind—policies that balance environmental progress with economic realities and fairness for all residents. R 2024-017 does not meet that standard, and we believe rejecting it is in the best interest of Illinois' communities and consumers.

II. Consumer Choice and Market Realities

The ACC II program's mandate for a complete shift to electric vehicle (EV) sales by 2035 poses significant challenges, restricting consumer choice and making reliable transportation increasingly unavailable to Illinois residents. While Illinoisans share a commitment to reducing emissions, a top-down mandate for EV adoption risks outpacing market demand and undermining consumer trust and economic stability in the auto industry.

Despite the growing number of EVs being sold, a clear mismatch between inventory and demand persists. According to S&P, as of September 2024, total U.S. vehicle inventory reached 3.056 million units, a 4.7% increase from the previous month and the highest level since the Covid pandemic. However, EV inventory declined by 2.6% compared to August 2024, reflecting adjustments by manufacturers to address oversupply. Meanwhile, EVs

remained on dealer lots for an average of 103 days—substantially longer than the 74 days for gasoline vehicles[1]—underscoring a slower pace of consumer adoption and widening the gap between production and demand.

Recent surveys further highlight the hesitancy among Americans to transition entirely to EVs. A Pew Research Center study conducted in July 2023 revealed that only 40% of Americans support phasing out gasoline vehicles by 2035, while 59% oppose the measure—a figure that has risen annually.[2] Even environmentally conscious respondents, who oppose offshore drilling and coal mining and support renewable generation, expressed significant skepticism about an EV-only future. Additionally, just 15% of respondents said they were very likely to consider an EV for their next vehicle, while over 50% expressed little or no interest. A follow-up Pew study in June 2024 found further declines, with only 29% of respondents somewhat or very likely to consider an EV—down from 38% the previous year.[3] This skepticism stems from concerns about cost, infrastructure, and reliability, with just 30% confident in the nation's ability to build adequate charging infrastructure.

These trends are reflected in Illinois, where EV adoption is slowing. While the U.S. Department of Energy (DOE) reports that Illinois' EV adoption rate is approximately 7.31%, this figure represents new EV sales during a specific period in 2024 and does not reflect the

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[1] Trommer, Matt. "US Vehicle Inventory Reaches Post-Pandemic High in September." *S&P Global Mobility*, October 23, 2024. https://www.spglobal.com/mobility/en/research-analysis/us-vehicle-inventory-record-high-september-2024.html.

[2] Pew Research Center. *How Americans View Electric Vehicles*. July 13, 2023. https://www.pewresearch.org/short-reads/2023/07/13/how-americans-view-electric-vehicles/.

[3] Pew Research Center. "About 3 in 10 Americans Would Seriously Consider Buying an Electric Vehicle." *Pew Research Center*, June 27, 2024. https://www.pewresearch.org/short-reads/2024/06/27/about-3-in-10-americans-would-seriously-consider-buying-an-electric-vehicle/.

total share of zero-emission vehicles (ZEVs) within Illinois' overall vehicle fleet. According to Illinois Secretary of State vehicle registration data, the December 2023 EV registrations totaled 91,451, which increased by 31,459 statewide from the previous year.[4] However, over the same period in 2024, that figure only reached 122,775, which shows an increase of 31,324 despite continued overall growth. The SOS data shows that 8,408,757 passenger cars and light trucks were registered in Illinois, meaning EVs comprised approximately 1.46% of registered cars and light trucks. This slowdown underscores the difficulty of achieving ACC II's ambitious targets in Illinois.

The ERM analysis, cited by Rule Proponents in their Statement of Reasons and their Responses to Pre-Filed Questions, assumes Illinois would need to sell 321,625 zero-emission vehicles (ZEVs) in 2028 to meet the MY 2029 ZEV sales requirement of 59%. Such growth represents an exponential increase far exceeding historical trends and current market realities. Meeting these targets would require a seismic shift in consumer behavior, substantial subsidies, and accelerated infrastructure deployment—none of which are guaranteed at the necessary scale or pace.

Manufacturers, too, are adjusting their strategies in response to slowing demand. General Motors (GM) CEO Mary Barra acknowledged that "the pace of EV growth has slowed, which has created some uncertainty," while GM CFO Paul Jacobson emphasized that "the EV market is not going to grow linearly."[5] Ford scaled back its production targets,

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[4] https://www.ilsos.gov/departments/vehicles/statistics/home.html

[5] Carey, Nick, and Joseph White. "Industry Pain Abounds as Electric Car Demand Hits Slowdown." *Reuters*, January 30, 2024. https://www.reuters.com/business/autos-transportation/industry-pain-abounds-electric-car-demand-hits-slowdown-2024-01-30/.

warning of $5.5 billion in EV-related losses in 2024.[6] Similarly, Hyundai is doubling its hybrid lineup by 2028 to hedge against the slowing EV market, and Toyota cut its 2026 global EV production targets by one-third.[7] Industry analysts, including Morgan Stanley's Adam Jonas, have noted that "global EV momentum is stalling," with oversupply and underwhelming demand creating financial strain for automakers and suppliers alike.

These challenges reveal a stark disconnect between ACC II's assumptions and market realities. While ACC II envisions exponential EV adoption, manufacturers and analysts acknowledge a slower, uneven trajectory. Automakers are being forced to pivot, balancing EV production with continued demand for internal combustion engine (ICE) and hybrid vehicles. The rigid structure of ACC II, however, leaves no room for such flexibility, compounding risks for consumers, dealers, and manufacturers, and consumers alike.

Illinois' transition to EVs must align with genuine market demand and readiness. The state requires a measured approach that balances environmental progress with economic and practical realities. Policies must be tailored to support gradual, sustainable growth—not a one-size-fits-all mandate that threatens to disrupt markets, burden consumers, and jeopardize the auto industry.

ACC II Limits Consumer Choice and Raises Vehicle Costs

The Advanced Clean Cars II (ACC II) rule poses significant risks to Illinois

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[6] Martinez, Michael. "Ford Developing Small EVs, Delaying Profit Targets." *Automotive News*, February 8, 2024. https://www.autonews.com/automakers-suppliers/ford-developing-small-evs-delaying-profit-targets/.

[7] "Toyota Cuts 2026 Global EV Production by Around a Third." *Reuters*, September 6, 2024. https://www.reuters.com/business/autos-transportation/toyota-cut-2026-global-ev-production-by-around-third-1-mln-nikkei-reports-2024-09-06/.

consumers by distorting the auto market, limiting consumer choice, and driving up vehicle costs. During Day 2 of the hearings, proponents stated that automakers could comply with ZEV mandates by reducing the availability of internal combustion engine (ICE) vehicles. In response to questioning, proponents acknowledged that was a correct statement when asked whether reducing ICE sales could be used as a compliance mechanism. This admission highlights the stark reality of ACC II: if EV adoption fails to meet ambitious targets, automakers may simply shrink ICE vehicle production or limit ICE vehicle allocations to Illinois, rather than face enormous fines imposed by the rules, creating artificial scarcity in the market.

This approach would have far-reaching consequences. Restricting ICE vehicle supply forces Illinois consumers into a market that is increasingly misaligned with their needs and preferences. The shrinking availability of ICE vehicles would particularly impact rural and suburban residents who rely on these vehicles for long commutes, agricultural work, and daily transportation. In these communities, charging infrastructure remains sparse, making EV adoption impractical. For many Illinois consumers, ICE vehicles are not just a preference but a necessity due to their long-range capabilities, affordability, and reliability in harsh weather conditions.

The economic impact of reducing ICE supply would be significant. Basic economic principles dictate that when supply decreases while demand remains steady, prices rise. By limiting the availability of ICE vehicles, ACC II would inevitably inflate their prices. Illinois consumers, already grappling with inflation and rising costs, would be forced to pay more for vehicles they depend on. Moreover, this price inflation would ripple into the used vehicle market, as constrained supply of new ICE vehicles drives more buyers toward second-hand

options. The resulting surge in demand would push used vehicle prices higher, creating an affordability crisis for low-income households that rely on affordable transportation.

This market distortion is not theoretical; early signs of these dynamics are already evident. In 2024, data showed that EVs sat on dealership lots nearly twice as long as ICE vehicles, reflecting slower consumer adoption despite substantial government incentives. Automakers like Ford, GM, and Stellantis have responded to tepid demand by scaling back EV production targets, delaying timelines, and shifting focus to more practical, affordable models.

Proponents argue that automakers will use compliance mechanisms such as credit trading to meet ZEV targets. However, this reliance on credit trading is both financially unsustainable and economically inequitable. Credits are often available only from a handful of manufacturers like Tesla and Rivian, making them expensive and limited. If credit costs rise, reducing ICE production becomes a more viable and cost-effective compliance strategy for automakers, further limiting consumer choice and driving up vehicle prices. This disconnect between proponents' claims and the realities of market dynamics undermines the argument that ACC II is a balanced or consumer-friendly policy.

The cascading effects of these policies would destabilize Illinois' vehicle market. Reduced ICE production would inflate vehicle prices across the board, disproportionately affecting rural and low-income residents. Dealerships, a cornerstone of local economies, would face inventory shortages and financial strain as they struggle to balance constrained ICE allocations and slower EV turnover. These artificial supply constraints could erode trust in the automotive market, leaving consumers frustrated and local economies weakened.

ACC II's approach creates an artificial distortion in the Illinois vehicle market, undermining consumer choice and accessibility. By shrinking ICE availability, the rule inflates prices for new and used vehicles, widens inequities, and destabilizes rural and suburban communities that depend on affordable transportation. Illinois policymakers must recognize the unintended consequences of this policy. A pragmatic, incremental approach that respects consumer demand, infrastructure readiness, and regional disparities is essential to fostering a fair and sustainable transition to cleaner transportation. Illinois auto dealers support the transition to EVs but believe it must align with the realities of Illinois' diverse communities, rather than relying on rigid, one-size-fits-all mandates that risk deepening economic and social inequities.

III. Infrastructure and Charging Concerns

The ambitious goals of the ACC II Rule, requiring 59% EV adoption by 2028 and 100% by 2035, present significant challenges to Illinois' energy infrastructure and charging network. Meeting these targets would require transformative investments in grid capacity and charging infrastructure, far exceeding current capabilities and projections.

Studies by the U.S. Department of Energy (DOE)[8] and the National Renewable Energy Laboratory (NREL)[9] provide critical insights into the scale of development necessary for widespread EV adoption. The DOE's *Electric Vehicles at Scale* report projects a 25–50% increase in total electricity demand in regions with widespread electrification by 2050.

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[8] U.S. Department of Energy. *Electric Vehicles at Scale: Grid Integration and Demand Projections*. Washington, DC: Department of Energy, 2022. https://www.energy.gov/eere/vehicles/articles/electric-vehicles-scale.

[9] National Renewable Energy Laboratory. *Electrification Futures Study: Scenarios of Electric Technology Adoption and Grid Impacts*. Golden, CO: NREL, 2021. https://www.nrel.gov/analysis/electrification-futures.html.

Similarly, NREL's *Electrification Futures Study* estimates that full EV adoption would lead to a 20–30% rise in electricity demand. Extrapolating these figures out for Illinois translates to an additional 7,500–15,000 MW of capacity—far exceeding the Proponents' projections. Addressing this demand would require expanding energy generation, constructing new transmission lines to serve rural and underserved areas, and integrating public DC fast chargers into the grid. Often costly and logistically complex, the latter would likely result in higher consumer rates as utilities recoup interconnection expenses.

EV adoption on the scale envisioned by ACC II also demands massive investment in charging infrastructure. The Proponents' ERM report estimates that Illinois would need 5.2 million home Level 2 chargers, 29,699 public Level 2 chargers, and 18,729 public DC fast chargers by 2050. However, this projection relies heavily on residential charging, which accounts for 97–98% of the total, overlooking critical urban realities. Many Illinois residents, particularly those in multifamily housing, lack private parking or the ability to install home chargers, making robust public infrastructure essential.

Federal studies by DOE and NREL provide a more realistic picture of Illinois' charging needs. These studies indicate that the state will require approximately 340,000 public chargers by 2050, including 40,000 DC fast chargers. This projection vastly exceeds the ERM estimate of just 48,000 public chargers and doubles the estimated fast chargers needed, exposing significant gaps in the Proponent's analysis. Without sufficient public infrastructure, Illinois risks bottlenecks in urban areas and charging deserts in rural regions, exacerbating disparities and undermining EV adoption efforts.

California's experience with EV adoption offers valuable lessons for Illinois. A 2024

study by the Stanford Institute for Economic Policy Research found that despite substantial policy initiatives and billions of dollars in investments, California continues to struggle with scaling its EV charging infrastructure.[10] The 2024 report, *Overcoming Roadblocks in California's Public EV Charging Infrastructure*, states that California aims to install 1.2 million public and shared chargers by 2030, requiring 129,000 new chargers annually—a goal described by experts as "unlikely" to be achieved. The report cites challenges such as permitting delays, grid connection hurdles and the high costs of deploying chargers in rural areas that have significantly hindered progress.

The Stanford study highlights the importance of aligning infrastructure deployment with EV adoption rates and usage patterns. While California leads the nation with 42% of public chargers, it still faces issues with station reliability and equitable access should cause concern. Many chargers in urban and suburban areas experience high utilization rates, leading to congestion, while rural regions remain underserved. Utility companies have faced logistical and financial barriers in integrating DC fast chargers into the grid, further delaying infrastructure expansion.

Despite California's advanced position in EV adoption, the state is falling short of its infrastructure goals. Illinois, with one of the lowest ratios of public chargers to EVs in the country, faces an even steeper climb, according to data compiled by digital mapping company Here Technologies and research firm SBD Automotive [11]. The Proponents'

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[10] Cain, Bruce E., and Frank A. Wolak. *Overcoming Roadblocks in California's Public EV Charging Infrastructure*. F, 2024. https://siepr.stanford.edu/publications/policy-brief/overcoming-roadblocks-californias-public-ev-charging-infrastructure.

[11] HERE Technologies and SBD Automotive. *HERE-SBD EV Index 2024 Summary Report: Measuring Readiness in Electric Vehicle Infrastructure*. 2024.

projection of only 48,000 public chargers to support 100% ZEV sales by 2050 falls drastically short of the 340,000 chargers projected by DOE and NREL. Without a comprehensive, statewide strategy to deploy infrastructure at scale, Illinois risks repeating California's struggles, including charging inequities, grid bottlenecks, and unmet electrification targets.

Additionally, the Proponents' filings raise questions about the clarity of their projections regarding grid impacts. The ERM report projects a peak load increase of 5,200–5,236 MW by 2050 under ACC II scenarios. However, the Proponents' Responses to Questions provide lower figures for earlier years, estimating 71 MW in 2030 and 1,345 MW in 2040 under the "ACC II FLEX" scenario and 225 MW in 2030 and 1,466 MW in 2040 under the "ACC II FULL + Clean Grid" scenario. While these estimates address slightly different timeframes, they underscore the need for a more transparent and comprehensive assessment of grid demand over the short and long term.

Moreover, the Rule Proponents acknowledged in their Responses to Questions that they have not consulted with the Midcontinent Independent System Operator (MISO) or PJM Interconnection to assess grid reliability impacts or challenges related to ACC II.[12] These regional grid operators are responsible for maintaining the electricity supply and demand balance, and their input is critical in planning for grid upgrades to accommodate widespread EV adoption. This lack of engagement with key stakeholders raises concerns about whether the Proponents have fully accounted for the operational complexities of implementing ACC

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https://www.here.com/sites/g/files/odxslz256/files/2024-09/here-sbd_ev_index_2024_summary_report-1.pdf

[12] https://pcb.illinois.gov/documents/dsweb/Get/Document-111205

II.

Illinois faces an enormous challenge in meeting the energy and infrastructure demands of ACC II. Without a phased, data-driven approach that prioritizes equitable deployment and stakeholder engagement, the state risks creating a system that disproportionately burdens consumers, exacerbates disparities and falls short of its electrification goals. Proceeding cautiously and strategically is not only prudent but essential to ensuring a sustainable and successful EV transition.

IV. Economic Impact

Proponents of ACC II claim that the rule will generate $86.4 billion in net economic benefits for Illinois, including substantial job creation in the EV sector. However, a closer analysis reveals significant flaws in this projection. While proponents cite job creation as a cornerstone of ACC II's economic promise, the ERM report shows a net gain of just 60 jobs in Illinois by 2050 under ACC II scenarios. This minimal increase, equivalent to an average of two jobs per year over nearly three decades, falls far short of justifying the widespread economic disruptions the rule would impose.

Ripple Effects Across Key Industries

The Advanced Clean Cars II (ACC II) rule introduces significant challenges for Illinois auto dealers and the broader automotive ecosystem. During the Day 2 hearings, proponents admitted that automakers may comply with ZEV mandates by reducing the availability of internal combustion engine (ICE) vehicles, shrinking the supply of these vehicles rather than increasing EV sales to avoid hefty fines for noncompliance. Illinois' 700 franchised auto dealerships employ over 44,000 workers statewide. ACC II's requirement to transition to ZEVs will disrupt the current inventory mix, reducing the availability of ICE vehicles that consumers

overwhelmingly prefer. This shift threatens to undermine dealerships' profitability, shrink revenues, and destabilize a critical economic pillar for local communities.

The economic consequences extend beyond dealerships. Illinois' gas stations, which employ more than 50,000 workers, will face declining revenue as fuel consumption decreases under ACC II. Rural communities will be hit hardest, as gas stations often serve as essential service hubs. Closures in these areas will exacerbate transportation challenges and widen economic disparities. Illinois' petroleum refining sector supports high-paying, unionized jobs and contributes significantly to state tax revenues. As ZEV adoption reduces fuel demand, this sector faces contraction, threatening jobs and businesses that rely on refining and fuel distribution.

The rule also impacts ICE vehicle component suppliers, such as engine parts and fuel systems. These Illinois-based businesses depend heavily on ICE-related contracts, and declining demand will threaten their operations, jobs, and contributions to the local economy.

Proponents of ACC II argue that new jobs in EV-related industries will offset these losses. However, the rule offers no detailed plan to transition displaced workers or support small businesses affected by the shift. Workforce retraining programs like the Clean Jobs Workforce Hubs are limited in scope and fail to address the broader needs of workers in rural and underserved areas.

The claim of $86.4 billion in net economic benefits is also heavily reliant on optimistic assumptions, such as rapid ZEV adoption, stable battery costs, and robust consumer demand—none of which are guaranteed. Meanwhile, automakers like Ford, GM, and Toyota are scaling back EV production targets, citing soft consumer demand and rising production costs. These market realities cast doubt on the feasibility of ACC II's economic projections.

Rivian and Stellantis

Lion Electric is cited in the Proponent's initial filing source of "creating a more favorable market for Illinois businesses that are already leading the transition to EVs" after it opened its factory in Joliet, Illinois, in 2023. At the time of its opening, the company claimed that it would bring roughly 1,400 jobs to Joliet and Will County[13]. However, in December 2024, it was announced Lion Electric is seeking creditor protection due to its inability to meet its financial obligations and suspended operation at its Illinois factory.[14] This decision, part of the company's compliance with terms under its debtor-in-possession (DIP) financing agreement, resulting in temporary layoffs of approximately 400 workers.[15] Despite initial promises of robust job creation and economic revitalization, the plant's closure highlights the financial instability and operational challenges faced by EV manufacturers, casting doubt on the long-term viability of such investments.

Proponents also point to Stellantis' $4.7 billion plan to reopen its Belvidere, Illinois, factory focusing on EV production as evidence of ACC II's economic promise. However, nearly two years after the initial announcement, these jobs have yet to materialize, and the plant remains idle.[16] Legislators and the United Auto Workers (UAW) have been unsuccessful in urging Stellantis to reopen the facility, leaving local communities without the promised economic benefits.

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[13] "Lion Electric Falls Apart in Joliet: No More Electric Buses." *Patch*, January 2025. https://patch.com/illinois/joliet/lion-electric-falls-apart-joliet-no-more-electric-buses.
[14] "Lion Electric to 'suspend' production in Joliet." Shaw Local News Network, December 3, 2024. https://www.shawlocal.com/the-herald-news/2024/12/02/lion-electric-to-suspend-production-in-joliet/
[15] "Lion Electric Suspends Operations at Channahon Plant; Hundreds Laid Off." ABC 7 Chicago, December 2024. https://abc7chicago.com/post/lion-electric-suspends-operations-channahon-plant-joliet-bus-maker-announces-hundred-layoffs/15619343/.
[16] "Lawmakers, Union Leaders Call on Automaker Stellantis to Reopen Belvidere Illinois Assembly Plant." ABC 7 Chicago, October 2024. https://abc7chicago.com/post/uaw-news-lawmakers-united-auto-workers-union-leaders-call-automaker-stellantis-reopen-belvidere-illinois-assembly-plant/15418880/.

This comes as legacy automakers like General Motors, Ford, and Toyota have scaled back their EV targets, collectively reducing projections for 2030 by over 3 million vehicles.

V. Impacts on the Motor Fuel Tax and Transportation Funding

Illinois' transportation funding system, which heavily depends on Motor Fuel Tax (MFT) revenues, is at significant risk under ACC II. As more drivers transition to ZEVs, fuel consumption will decline, exacerbating an already looming funding crisis. The Illinois Department of Transportation (IDOT) has projected a $36 billion infrastructure funding shortfall by 2050, even without accelerated ZEV adoption. Findings from Pew's *Emerging Highway and Roads Revenue Gap* Report[17] Emphasize that the traditional fuel tax model—accounting for most transportation funding—will be inadequate as EV adoption grows.

The Congressional Budget Office has warned that the federal Highway Trust Fund, which relies on fuel taxes, will be exhausted by 2028 without new funding mechanisms. Illinois, which depends on MFT revenues for essential road and bridge maintenance, faces similar vulnerabilities. Despite this, ACC II proponents have offered no alternative funding strategies nor indicated how much revenue the fund would lose if ACC II were implemented, leaving Illinois unprepared for the financial fallout.

While ZEV adoption reduces fuel tax revenues, it also increases infrastructure costs. The Pew report highlights that EVs weigh approximately 30% more than internal combustion engine (ICE) vehicles due to their batteries. This added weight accelerates wear and tear on roads and bridges, requiring higher maintenance expenditures at a time when funding sources

[17] Golden, Jay S. *The Emerging Highway and Roads Revenue Gap: The Electric Vehicle Transition and Implications for State Budgets.* Dynamic Sustainability Lab, Syracuse University, June 2024. Prepared for The Pew Charitable Trusts.

are already shrinking.

Additionally, ancillary revenue streams tied to ICE vehicles will decline. Gas station closures will reduce state and local sales tax revenues, while EVs' lower maintenance requirements will decrease income from auto repair-related sales taxes. These ripple effects compound Illinois' fiscal challenges, which ACC II proponents have failed to address comprehensively.

California's Legislative Analyst's Office Report on Lost Motor Fuel Funds

In December 2023, the California Legislative Analyst's Office (LAO), a bipartisan research arm of the California General Assembly, released a report titled *Assessing California's Climate Policies—Implications for State Transportation Funding and Programs.*[18] The findings provide a stark warning about the devastating financial and logistical impacts that aggressive zero-emission vehicle (ZEV) mandates like ACC II could have on state transportation revenues and infrastructure.

The report projects that by 2034-35, California's transportation revenues will experience an annual decline of $4.4 billion (31%), driven by a $5 billion (64%) drop in gasoline excise tax revenues and a 20% and 32% reduction in diesel excise and sales taxes, respectively. These revenue losses stem from decreased fuel consumption due to ZEV adoption and improved fuel efficiency across conventional vehicles. While the state's Road Improvement Fee (RIF), levied on ZEVs, is expected to generate $1.1 billion annually by

[18] Legislative Analyst's Office. *Assessing California's Climate Policies—Implications for State Transportation Funding and Programs*. Sacramento: Legislative Analyst's Office, December 2023. https://lao.ca.gov/Publications/Report/4656.

2034-35, this will offset only a tiny fraction of the catastrophic revenue shortfall caused by declining fuel taxes.

The report also underscores the destructive ripple effects on transportation infrastructure:

- *Highway Maintenance and Rehabilitation*: Funding for the California Department of Transportation's (Caltrans) programs will decline by $1.5 billion (26%), severely curtailing the number of completed projects and leading to deteriorating road quality.
- *Local Streets and Roads*: State funding for local infrastructure will drop by $900 million (26%), disproportionately impacting jurisdictions that heavily rely on state funding. This will leave them with degraded infrastructure and fewer resources to address their communities' needs.
- *State Transit Assistance*: Programs supported by diesel sales tax revenues will see a 33% funding reduction, creating challenges for maintaining transit services and supporting critical infrastructure.

The LAO also highlighted regional disparities, noting that local governments with independent transportation funding sources, such as voter-approved taxes, may mitigate the impacts. In contrast, those without such mechanisms will experience more severe reductions in services and infrastructure quality.

These findings echo concerns raised by the Illinois Department of Transportation (IDOT), which has already projected a $36 billion infrastructure funding shortfall by 2050 due to declining reliance on fossil fuels, even without the accelerated ZEV adoption proposed

under ACC II. Proponents of the ACC II mandate fail to address these funding crises, ignoring the devastating consequences for the workers and industries that depend on infrastructure projects financed by the Illinois Motor Fuel Tax (MFT).

ACC II risks decimating state transportation funding by accelerating the transition to ZEVs without implementing alternative funding solutions, undermining critical infrastructure, and jeopardizing thousands of union jobs that rely on road and transit projects. Illinois cannot afford to follow California's path without fully addressing this transition's long-term economic and societal costs.

VI. Equity Outcome Claims

The Advanced Clean Cars II (ACC II) rule, while framed as a policy to promote equitable access to zero-emission vehicles (ZEVs), fails to address critical affordability and infrastructure barriers that disproportionately impact low-income households. According to the report "*Re-thinking Procurement Incentives for Electric Vehicles to Achieve Net-Zero Emissions*" by Nunes et al., current EV procurement incentives overwhelmingly favor affluent households, who are more likely to purchase new EVs[19]. This approach directs resources toward those least in need of financial assistance while excluding lower-income families, who often rely on the underdeveloped used EV market for affordable transportation options. The transition to ZEVs risks leaving economically disadvantaged communities behind without expanding access to second-hand EVs.

The proponents' argument that ZEVs will become more affordable is contradicted by

[19] Nunes, Ashley, Lucas Woodley, and Philip Rossetti. "Re-thinking Procurement Incentives for Electric Vehicles to Achieve Net-Zero Emissions." *Nature Sustainability* 5 (June 2022): 527–532. https://doi.org/10.1038/s41893-022-00862-3.

market realities. According to the Harvard Law Today report "*What the US Is Getting Right — and Wrong — About the Move to Electric Vehicles*," federal tax credits such as the $7,500 for new EVs and $4,000 for used EVs are insufficient to close the affordability gap for low-income families[20]. Reducing the price of a $60,000 vehicle by $7,500 does little to make it affordable when the remaining cost of $52,500 remains far beyond what these households can realistically consider or afford. Additionally, the used EV market's high resale values negate its affordability, leaving low-income households without practical options to participate in the transition.

Proponents also point to automakers offering discounted ZEV models, but current market trends refute this optimism. While proponents cite equity-focused price points below $20,000 for sedans and $27,000 for SUVs and trucks, most ZEVs today remain priced far above these thresholds. For example, one of the most affordable EVs, the Chevrolet Bolt EUV, starts at over $27,000 before incentives—and it is being discontinued. With few affordable models available, the claim that ACC II will make ZEVs accessible to all Illinois residents is largely unsupported.

Adding to affordability challenges, the ERM study projects that Illinois light-duty vehicle (LDV) owners will need to invest $443 million annually between 2027 and 2050 to purchase and install home charging infrastructure. These costs include purchasing Level 1 or Level 2 chargers and upgrading home electrical systems, which can add thousands of dollars in additional expenses per household. Renters and apartment residents, who often lack access to private parking, are forced to rely on public charging infrastructure, which will require an

[20] Nunes, Ashley. "What the US Is Getting Right — and Wrong — About the Move to Electric Vehicles." *Harvard Law Today*, June 23, 2023. https://hls.harvard.edu/today/what-the-us-is-getting-right-and-wrong-about-the-move-to-electric-vehicles/.

additional $159 million annually from government and private sector investments. This reliance on private funding exacerbates inequities, disproportionately impacting lower-income households who are least equipped to bear these costs.

The equity claims made under ACC II fail to account for these significant barriers. High vehicle prices, insufficient incentives, and major infrastructure costs disproportionately burden low-income and minority communities while offering few tangible solutions to improve accessibility. Policymakers must recognize these shortcomings and shift focus toward expanding the used EV market, supporting truly affordable ZEV options, and addressing disparities in charging infrastructure to ensure a fair and inclusive transition. Without targeted interventions, ACC II risks deepening inequities rather than resolving them.

VII. Environmental Claims

The goal of ACC II to reduce greenhouse gas (GHG) emissions through a transition to zero-emission vehicles (ZEVs) is admirable. However, a closer look suggests that Illinois could benefit from exploring a more diversified approach to emissions reduction. Hybrids, which combine internal combustion engines (ICE) with electric propulsion, represent an effective and scalable option that complements zero-emission vehicles (ZEVs). Research and market trends indicate that hybrids are gaining momentum as a practical bridge between traditional ICE vehicles and fully electric battery electric vehicles (BEVs), addressing key challenges associated with EV adoption.

Hybrids are increasingly being recognized as a viable alternative to BEVs for reducing emissions without requiring extensive infrastructure investments. According to Autocar Professional, hybrids captured 8.3% of the U.S. automotive market during the first

11 months of 2023, outpacing BEVs, which held a 6.9% market share.[21] This trend reflects growing consumer confidence in hybrids as a transitional technology that offers improved fuel efficiency and reduced emissions while maintaining a familiar driving experience.

Automakers are also investing heavily in hybrids as a bridge to a fully electrified future. Honda, for example, has announced plans to double its global hybrid sales to 1.3 million vehicles annually by 2030, citing hybrids as a scalable and necessary solution to overcome challenges like high battery costs and limited charging infrastructure.[22] As Reuters notes, this investment underscores a broader industry recognition that hybrids are a practical and equitable choice for achieving near-term emissions reductions without over-relying on BEVs, which remain constrained by affordability and infrastructure gaps.

Alignment with Illinois' Energy Profile

Illinois' electricity grid still relies significantly on coal and natural gas, which diminishes the lifecycle emissions advantages of BEVs. Charging BEVs on a fossil fuel-dependent grid can result in higher lifecycle emissions than using hybrids or lightweight ICE vehicles, as highlighted by the MIT Climate Portal.[23]

Hybrids, which require minimal reliance on grid electricity, offer an immediate and effective way to lower emissions while Illinois continues its transition to renewable energy. Encouraging hybrid adoption ensures that emissions reductions can be achieved equitably

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[21] Autocar Professional. "Why Hybrids Are Gaining Momentum Amid EV Frenzy." Autocar Professional, accessed January 21, 2025. https://www.autocarpro.in/news/why-hybrids-are-gaining-momentum-amid-ev-frenzy

[22] Reuters. "Honda Aims to Double Hybrid Car Sales by 2030 as a 'Bridge' to EV Era." Reuters, December 17, 2024. https://www.reuters.com/business/autos-transportation/honda-aims-double-hybrid-car-sales-by-2030-bridge-ev-era-2024-12-17

[23] MIT Climate Portal. "In the Right Circumstances, Could a Hybrid Car Be 'Cleaner' Than an Electric Vehicle?" Last modified August 26, 2019. https://climate.mit.edu/ask-mit/right-circumstances-could-hybrid-car-be-cleaner-electric-vehicle.

across regions, including rural and underserved areas, where charging infrastructure is limited.

Reducing GHG emissions is a shared priority, and ZEVs are a vital part of Illinois' clean energy future. However, hybrids offer an immediate, resource-efficient, and accessible solution to bridge the gap between ICE vehicles and BEVs. By considering a diversified strategy that includes hybrids, BEVs, and targeted investments in renewable energy, Illinois can pursue a more equitable and sustainable approach to reducing emissions, ensuring all residents benefit from a cleaner future.

VIII. Closing

The Advanced Clean Cars II (ACC II) rule proposes sweeping changes to Illinois' automotive and energy landscape, but its rigid, one-size-fits-all approach fails to account for the state's unique challenges and realities. Illinois has already demonstrated its commitment to reducing emissions through the Climate and Equitable Jobs Act (CEJA), which sets ambitious, achievable, and equitable goals for a cleaner future. Rather than building on this foundation, ACC II imposes mandates that risk destabilizing Illinois' economy, deepening inequities, and creating infrastructure bottlenecks without addressing critical funding gaps or consumer needs.

ACC II's mandates jeopardize Illinois' transportation funding system, threatening union jobs, public safety, and the state's ability to maintain roads and bridges. It risks inflating vehicle prices, limiting consumer choice, and disproportionately burdening rural and low-income communities that rely on affordable, reliable transportation. Proponents' claims of economic and environmental benefits are based on speculative projections that ignore the real-world consequences of market disruptions, job displacement, and infrastructure strain. Illinois cannot afford to gamble its economic stability, workforce, and communities on a policy that fails to

meet its unique needs.

We respectfully urge the Board to reject ACC II and protect Illinois' economy, transportation system, and residents. Rejecting this proposal is not a rejection of environmental progress but a call for thoughtful, tailored policies that address emissions without undermining the state's stability. Illinois deserves a strategy that works for all its communities, reflecting its distinct challenges and priorities while ensuring a sustainable and equitable future.

This summary of my testimony is accurate to the best of my knowledge. I declare under penalty of perjury that the foregoing is true and correct.

Dated: January 21, 2025.

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