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To: Illinois Pollution Control Board

From: Noah Finley, NFIB Illinois State Director

Date: February 24, 2024

Subject: R2024-17, In the Matter of: Proposed Clean Car and Truck Standards: Proposed Section 35 Ill. Admin. Code 242

The National Federation of Independent Business (NFIB) is the largest small-business advocacy organization in Illinois and the nation, representing approximately 10,000 small-business owners in Illinois alone. NFIB member businesses are independently owned and reflect the diversity of Illinois' small-business community, including small businesses in retail, construction, transportation, hospitality, professional services, manufacturing, and agriculture.

In a recent survey of NFIB members in Illinois, an overwhelming majority (99%) of small-business respondents indicated opposition to banning the sale of new gas- and diesel-powered vehicles.

In a follow-up survey of Illinois NFIB members, 90% of small-business respondents reported that the adoption of California's vehicle emissions standards (Advanced Clean Cars II, Advanced Clean Trucks, and Heavy-Duty Lo NOx Omnibus Rules) would significantly impact their business. Another 7% believed it would moderately impact their business. The remaining 3% stated that it would have mild to no impact on their businesses.

Small-business respondents indicated that they'd consider adjusting business operations if these rules go into effect. When given a chance to select ways that they'd consider adjusting their business operations:

- 1% of small-business owners indicated that they would consider purchasing compliant vehicles on their regular purchase schedule
- 24% of small-business owners indicated that they would consider lengthening the time between purchasing new vehicles
- 45% of small-business owners indicated that they would consider purchasing used vehicles
- 10% of small-business owners indicated that they would consider purchasing different types of vehicles
- 18% of small-business owners indicated that they would consider adjusting business operations to use fewer vehicles
- 22% of small-business owners indicated that they would consider reevaluating current business practices
- 31% of small-business owners indicated that they would consider scaling back or limiting expansion of business operations

- 45% of small-business owners indicated that they would consider moving the business to another state
- 33% of small-business owners indicated that they would consider closing or selling the business

Small-business owners are wary of yet another one-size-fits-all bureaucratic mandate that threatens to raise the cost of doing business in this state. In NFIB's monthly Small Business Economic Trends (SBET) surveys, inflation and rising costs consistently rank as the #1 small-business issue.

Small-business owners are caught between rising business costs and inflation-weary consumers. Adopting Advanced Clean Cars II, Advanced Clean Trucks, and the Heavy-Duty Low NOx Omnibus Rules would put further strain on small-business owners across the state, jeopardizing the ability of these Main Street businesses to continue to serve their customers, create jobs, and enrich their communities.

There are both practical and philosophical concerns with any mandate limiting or phasing out the sale of traditional internal-combustion-engine vehicles.

Infrastructure

Submitted testimony during these proceedings has demonstrated that Illinois lacks the infrastructure to power this top-down reduction/phase out of the sale of new gas- and diesel-powered vehicles. With electricity demand outstripping capacity growth, our electricity grids have come under increased pressure. Dramatic price spikes in electricity capacity auctions are producing higher costs for consumers. Electricity demand, according to the U.S. Energy Information Administration, is set to rise even further in 2025 and 2026.¹ As Governor Pritzker noted in his October 25, 2024, letter to PJM, these costs "will be paid by our residents and our businesses and could deter future economic development."²

Governmental policies that phase out the sale of internal-combustion-engine vehicles will push consumers—individual and business—toward electric vehicles, putting yet more strain on Illinois' electricity grids. During a recent Illinois Commerce Commission Hearing on the Future of Gas, Iain Walker, of the Lawrence Berkely National Laboratory, testified that California's transition to electric vehicles put an immense strain on its electricity grids, absorbing available grid capacity.³

¹ Scott Disavino, "US Power use to reach record highs in 2025 and 2026, EIA says," Reuters, February 11, 2025.

² John Carney, Wes Moore, Phil Murphy, J.B. Pritzker, and Josh Shipiro, Letter to PJM Interconnection, LLC 2750, October 25, 2024.

³ Iain Walker, Testimony for ICC's Future of Gas Proceedings, Illinois Commerce Commission, Future of Gas Proceedings, November 4, 2024.

With the state exploring the decarbonization of its energy mix through the phasing out of natural gas usage, Illinois' electricity grids may come under even further strain in the years to come if the state should choose to limit natural gas usage or investment.⁴

Growing energy demand for data and artificial-intelligence operations and an increased reliance upon electricity to power every aspect of life (heating, transportation, etc.) will further strain our electricity grids and increase the costs of doing business in the state, putting Illinois small businesses at a distinct disadvantage compared to their peers in neighboring states.

Downstream from concerns over the larger electricity market and grids, Illinois lacks the necessary charging networks to power and sustain a rapid transition of its vehicle fleet to electric vehicles. Communities across the state, particularly downstate and rural communities, lack electric vehicle chargers, especially the relatively rapid chargers that consumers expect. Many individuals who live in older houses, multifamily housing, or urban areas will be unable to charge their vehicles at home, making them reliant on commercial chargers. The federal government's recent moves to reduce or cut federal funding for expanding electric-vehicle-charging networks could further delay expansion of these networks unless Illinois decides to prioritize network expansion using its own fiscal resources.⁵

Existing and growing strains on the state's electricity grid, a possible transition away from natural gas to electricity, and an inadequate electric-vehicle-charging network combine to make the proposed adoption of Advanced Clean Cars II, Advanced Clean Trucks, and Heavy-Duty Low NOx Omnibus rules unfeasible at this time.

The adoption of these policies without the prerequisite infrastructure would have real-world implications for the small-business owners, their employees, and their customers across the state. Main Street businesses rely upon access to cheap and dependable transportation and would face additional challenges if these mandates go into effect, impacting their cost of doing business and access to the workforce and materials necessary to run their businesses.

Cost of Doing Business

Limiting the sale of traditional internal-combustion-engine vehicles in favor of electric vehicles would impose real costs on small-business owners across the state in a number of ways. While these proposed rules do not force business owners to purchase electric vehicles, they would incumber their ability to purchase new gas- and diesel-powered vehicles, especially when compared to their peers in neighboring states.

In doing so, these proposed rules could raise the cost of purchasing new vehicles. Many small businesses are dependent upon their vehicles to conduct business operations. Farmers and manufacturers transport their goods to grain bins, distribution warehouses, and retailers. Plummers, electricians, homebuilders, and other contractors must transport their equipment from

⁴The Future of Gas Proceeding's "main goal ... is to explore issues tied to decarbonization of the gas distribution system," Illinois Commerce Commission, Future of Gas Proceedings, <https://www.icc.illinois.gov/programs/Future-of-Gas-Workshop>

⁵ Zack Budryk, "Transportation Department suspends \$5 billion EV charger program," The Hill, February 7, 2025.

worksite to worksite. They all have vehicles or rely upon other businesses with access to transportation. Increasing the cost of vehicle purchases would impose additional costs on their small businesses, costs they must either absorb or pass on to their consumers.

In addition to the higher purchasing costs, small businesses would be constrained by the limitations of current electric vehicle models. With inadequate access to high-speed charging, electric vehicles struggle to compete with traditionally powered vehicles for range and reliability. Truckers, contractors, and other small business owners who must spend significant time on the road would have to consider range and access to charging stations in their business decisions, potentially making some jobs/contracts uneconomical, especially in downstate and rural communities that already face significant economic hurdles due to lack of high-speed internet, market access, and other key infrastructure.

Further dependence on the electricity grid also increases the exposure of these truckers, contractors, and other small businesses to electrical system failures. With foreign powers targeting US infrastructure, re-occurring storms knocking out power to entire communities, and other system issues that periodically stop the flow of electricity, small businesses could be forced to invest in back-up diesel generators to power their vehicle fleets during electricity disruptions. Earlier this year, a winter storm knocked out power for many communities across Southern Illinois. The necessity of purchasing backup power systems to power their vehicles during times when the flow of electricity has been interrupted would impose additional costs and time constraints on the small-business owners who step up in times of disruption to fix water leaks, repair roofs, clean up flood debris, deliver goods, and keep grocery and other retail stores open.

Access to Workforce & Materials

Restricting access to traditional vehicles could also impede small-business owners' access to the materials and workers they need to run their businesses. Due to battery weight, electric trucks have a reduced load capacity, necessitating more trips to carry the same amount of materials. More trips mean more traffic, more wear and tear on roads and vehicles, and more workers needed to deliver these goods. All these result in higher costs for small businesses. Retailers must stock their stores with merchandise. Restaurants must keep fresh food on hand. Any increase in freight costs will lead to higher prices for Main Street businesses and their customers.

Higher transport costs are not the only issue small businesses could face. With small businesses already struggling to find qualified workers, employers in dispersed rural communities may encounter additional struggles to hire employees, as potential workers may be unable to afford the higher cost of personal electric vehicles and, more often than not, will not have access to electric vehicle charging options. In small-town Illinois, workers lack access to reliable public transportation; and, if they are unable to afford a personal vehicle, they may have to forgo more distant employment options.

Access to materials and workers is critical for small businesses. After years of inflation and workforce shortages, measures that increase the costs or limit the access to either one would prove burdensome to Main Street businesses.

Consumer Choice

Small-business owners, not government bureaucrats, are best placed to decide the type of vehicles they need to run their businesses. They know their communities, their customers, and the constraints of their business operations.

Some small-business owners may choose to purchase electric vehicles. Some may not. It should be their choice. Illinois' economy does not operate in a vacuum. Our small businesses must compete against regional, national, and international competitors. A mandate that reduces small-business options and increases small-business costs will make Illinois' small businesses less competitive in the global marketplace. Trucking companies, contractors, and other similar small businesses may simply re-locate their operations across state lines, hollowing out our local Main Street economies. And, if that happens, Illinois will have impoverished itself and its people without producing environmental benefit.

Illinois' small-business community cannot afford these costly new mandates. For some, as noted in the survey results listed above, these added costs and hassle could push them to limit operations, close up shop, or move across the border to a friendlier state, economically weakening Illinois and its communities. On behalf of small businesses across the state, NFIB urges the Pollution Control Board to reject the proposed adoption of Advanced Clean Cars II, Advanced Clean Trucks, and the Heavy-Duty Low NOx Omnibus Rules.