BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

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IN THE MATTER OF:

PROPOSED CLEAN CAR AND TRUCK STANDARDS PROPOSED 35 ILL. ADM. CODE 242 R24-17 (Rulemaking – Air)

NOTICE OF FILING

TO: Persons on Attached Service List

PLEASE TAKE NOTICE THAT on the 5th day of May 2025, the undersigned electronically filed with the Clerk of the Illinois Pollution Control Board, via the "COOL" System, <u>Post-Hearing Comments</u> on behalf of the Indiana, Illinois, Iowa Foundation for Fair Contracting, true and correct copies of which are attached hereto and hereby served upon you.

INDIANA, ILLINOIS, IOWA FOUNDATION FOR FAIR CONTRACTING

DATE: May 5, 2025

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CERTIFICATE OF SERVICE

I, Kara M. Principe, Counsel for the Indiana, Illinois, Iowa Foundation for Fair Contracting, caused to be served on this 5th day of May 2025, a true and correct copy of the <u>Post-Hearing Comments</u> on behalf of the Indiana, Illinois, Iowa Foundation for Fair Contracting upon the persons listed on the Service List via electronic mail or electronic filing, as indicated.

By:

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IN THE MATTER OF:

PROPOSED CLEAN CAR AND TRUCK STANDARDS PROPOSED 35 ILL. ADM. CODE 242 R24-17 (Rulemaking – Air)

<u>POST-HEARING COMMENTS OF THE</u> INDIANA, ILLINOIS, IOWA FOUNDATION FOR FAIR CONTRACTING

The Indiana, Illinois, Iowa Foundation for Fair Contracting (IIIFFC) respectfully submits these post-hearing comments in opposition to the proposed adoption of California's Advanced Clean Cars II (ACC II), Advanced Clean Trucks (ACT), and Heavy-Duty Omnibus (Low-NOx) rules in Illinois, codified as Proposed 35 Ill. Adm. Code 242 ("the Proposed Rules"). These comments are submitted to supplement and clarify the testimony of Mary Tyler, Policy Director for the IIIFFC, whose pre-filed and oral testimony detailed the significant and adverse fiscal consequences of adopting the Proposed Rules, particularly on transportation infrastructure funding. Ms. Tyler brings over a decade of expertise in transportation economics and infrastructure policy, including her prior role as Transportation Director at the Illinois Economic Policy Institute.

Illinois' transportation system is heavily reliant on motor fuel tax revenues. As Ms. Tyler explained in her testimony, motor fuel taxes accounted for 57% of all state transportation revenues in FY2024, totaling \$2.8 billion. The proposed rules, by aggressively accelerating EV adoption, would reduce consumption of gasoline and diesel, which directly erodes this critical revenue stream. The consequences of this are clear: deteriorating road and bridge conditions,

reduced transit investment, and thousands of lost middle-class jobs in construction and related industries.

As Ms. Tyler explained during the hearing, the economic dislocation caused by this proposal is worsened by the absence of a viable replacement funding mechanism. While some proponents point to rebates and incentives as a solution, programs like ComEd's \$100 million EV rebate effort, which funded only 200 vehicles, fall dramatically short of the scale necessary to meet the rules' requirements, which call for 240,000 new ZEVs in the first year alone.

I. Fiscal Impacts

Ms. Tyler's analysis showed that Illinois is already experiencing a \$4.6 billion annual transportation funding shortfall and that this deficit will only worsen as EV adoption accelerates without alternative revenue solutions. While some states are exploring new user-based mechanisms, like vehicle miles traveled (VMT) taxes or higher EV registration fees, Illinois has not adopted or even proposed such alternatives at the scale needed to replace lost MFT revenue.

During questioning, Ms. Tyler was asked whether the IIIFFC supports the use of rebates or incentives as part of a solution. She responded that the IIIFFC supports all-in stakeholder collaboration on expanding EV infrastructure but emphasized that small-scale programs like ComEd's, while helpful, are not a substitute for sustainable, large-scale funding reform. As she noted: "We need something that is sustainable, ongoing, and addresses the structural revenue loss" (Hearing Transcript, March 10, 2025).

II. Economic Impacts

As infrastructure spending declines due to decreased revenues, so too will employment in the construction trades. Ms. Tyler's testimony cited estimates that every \$1 billion in infrastructure investment supports up to 25,000 jobs. A significant revenue contraction could eliminate thousands of these family-sustaining positions, many of which are filled by union members trained through registered apprenticeship programs.

This point is particularly important for IIIFFC, a labor-management organization that represents contractors and members of the International Union of Operating Engineers, Local 150, who build and maintain the infrastructure directly threatened by declining investment. The Proposed Rules therefore present not only a transportation funding crisis, but a labor market and economic justice issue.

III. Balanced Transition

IIIFFC supports decarbonization and innovation in the transportation sector. However, as Ms. Tyler emphasized in both her pre-filed and live testimony, the transition must be aligned with adequate funding systems. No state can afford to forgo its largest source of infrastructure revenue without a replacement.

We urge the Illinois Pollution Control Board not to adopt the Proposed Rules without first ensuring a viable replacement for the revenue that will be lost. Doing so would undermine the very infrastructure that EVs will rely on, and would disproportionately impact downstate communities, working families, and public safety.

IV. Legislative Authority

IIIFFC acknowledges the U.S. Environmental Protection Agency's determination that the Proposed Rules may proceed under the Illinois Pollution Control Board's rulemaking authority. However, that decision does not, and should not, preclude a broader public discussion about whether such sweeping, economically significant mandates should be implemented through administrative action, rather than legislation.

As Ms. Tyler testified, the Proposed Rules would drastically alter the state's transportation funding structure by hastening the erosion of motor fuel tax revenues—the single largest source of investment for Illinois roads, bridges, and transit systems. These impacts are not incidental. They implicate the long-term solvency of the Road Fund, the Capital Program, and the employment of thousands of skilled trades workers who rely on publicly funded infrastructure projects.

The General Assembly has not authorized the adoption of California's ACC II or ACT standards. While CEJA sets a broad target of one million EVs on the road by 2030, it does not mandate ZEV sales quotas, prohibit the sale of internal combustion vehicles, or instruct the Board to adopt California's full suite of vehicle regulations. The Proposed Rules go far beyond CEJA's policy signals and enter the realm of structural economic reform—without any corresponding legislative appropriations, replacement funding mechanisms, or statutory guardrails.

In this context, the concern is not purely legal, it is democratic and economic. It is a question of whether the proper policymaking forum for such transformational regulation is an appointed board acting through administrative rulemaking, or the legislature, which is charged with balancing environmental, labor, fiscal, and regional concerns through public debate.

For policies of this magnitude, administrative authority, even when facially valid, should be exercised with caution and deference to legislative prerogatives. If Illinois is to move forward with mandates that will redefine its vehicle market, phase out combustion engines, and undermine the primary revenue source for public infrastructure, that decision should be made openly, with accountability, by elected lawmakers, not in a rulemaking docket.

V. <u>Conclusion</u>

The IIIFFC thanks the Board for its thoughtful consideration of the economic, labor, and infrastructure consequences of the Proposed Rules. We respectfully urge the Board to reject the adoption of 35 III. Adm. Code 242 at this time and instead convene a broader policy effort—engaging transportation agencies, labor, environmental advocates, and fiscal experts—to design a more sustainable and equitable path forward.