April 22, 2024

The Honorable Michael S. Regan
Administrator
United States Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

Re.: Docket EPA-HQ-OAR-2023-0574-0001, California State Nonroad Engine Pollution Control Standards; In-Use Locomotive Regulation; Requests for Authorization

Dear Administrator Regan:

We write to express strong opposition to the California Air Resource Board’s (CARB’s) authorization request to the United States Environmental Protection Agency (EPA) to establish new emissions standards, procedures, financial assessments and reporting requirements on railroad operations through its In-Use Locomotive Regulation (“CARB Rule” or “Rule”).¹ We request that the EPA deny CARB’s request due to its departure from historical norms and unworkability as is detailed below.

The Committee on Transportation and Infrastructure (T&I or Committee) exercises authorization and oversight authorities of the United States freight and passenger transportation systems.² As discussed below, through various authorization acts, the Committee seeks to establish policies and programs that improve the safe and efficient movement of interstate freight and passenger transportation.³

¹ Letter from Steven S. Cliff, Ph.D., Executive Officer, California Resource Board to Michael S. Regan, Administrator, United States Environmental Protection Agency (Nov. 7, 2023) available at https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2022/locomotive22/authorization.pdf.
² See RULES OF THE HOUSE OF REPRESENTATIVES, 118th Cong., Rule X, clause 1 (r); see also UNITED STATES HOUSE OF REPRESENTATIVES COMM. ON TRANSP. AND INFRASTRUCTURE, History, available at https://transportation.house.gov/about/history.htm [hereinafter History].
Policies implemented by agencies outside the legislative jurisdiction of the Committee that may directly or indirectly affect interstate transportation are of interest to the Committee, particularly if those policies impact agencies under the Committee’s jurisdiction. These include the Surface Transportation Board, the Federal Railroad Administration, and Amtrak.

The CARB Rule is an example of a regulation that directly conflicts with existing statutory policies within the purview of the Committee. Accordingly, EPA must reject CARB’s petition.

**Freight Rail Transportation, Interstate Commerce, and the Committee on Transportation and Infrastructure**

Running almost 140,000 route miles, the nearly $80-billion National freight industry is not only considered the largest, safest, and most cost-efficient freight system in the world, it offers significant ancillary benefits, including reduced fuel consumption, and lower greenhouse gas emissions when compared to other modes of transportation. It is also the source of a significant number of domestic jobs. Each year, freight rail companies invest an average of $23 billion in their networks.

The United States railroad transportation system is inextricably linked and vital to the safe and efficient transportation of freight and passengers in interstate commerce. In fact, the first industry to be regulated under the *Interstate Commerce Act* (P.L. 49-104) was the railroad industry. The system is networked in such a manner that disruptions or challenges along any segment of the network often ripple throughout the network and across interstate transportation modes. In other words, rail transportation is by design and operation interstate in nature and is preempts from most state or local laws and regulations. Activities along one segment have implications for freight and passenger transportation service in multiple states. For these reasons Congress has applied the principle of Federal preemption of state or local government policies affecting railroads.

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4 RULES OF THE HOUSE OF REPRESENTATIVES, 118th Cong., Rule X, clause 1 (r).
6 Id.
10 Bradbury, supra note 7.
This principle is most clearly spelled out in the *Interstate Commerce Commission Termination Act (ICCTA) of 1995* (P.L. 104-88) that discussed the elimination of residual state powers of the regulation of railroads.\textsuperscript{12} Congress wrote: “Any other construction would undermine the uniformity of Federal standards and risk the balkanization and subversion of the Federal scheme of minimal regulation for this *intrinsically* (emphasis added) interstate form of transportation.”\textsuperscript{13} Congress also clearly stated: “Subjecting rail carriers to regulatory requirements that vary among the States would greatly undermine the industry’s ability to provide the ‘seamless’ service (emphasis added) that is essential to its shippers and would *waken the industry’s efficiency and competitive viability* (emphasis added).”\textsuperscript{14}

As courts have previously observed when evaluating cases of Federal preemption of state laws and regulation and the authority granted to the Surface Transportation Board (STB) under the *Interstate Commerce Act*: “it is difficult to imagine a broader statement of Congress’s intent to preempt state regulatory authority over railroad operations.”\textsuperscript{15} Nevertheless, CARB ignores both clear statutory text and court concurrence in seeking to establish a rule that unreasonably burdens and interferes with rail transportation, and EPA would only further this should it grant the request for authorization.

A basic understanding of railroad networks helps explain Congress’ thinking. For example, two Class I carriers operate in California: Union Pacific (UP) and BNSF.\textsuperscript{16} The line haul operations of these railroads are not confined to California but are part of a much larger multistate freight rail transportation network that stretches east of the Mississippi River, though these networks differ slightly to serve other customers.\textsuperscript{17}

UP and BNSF are part of a vast, intricate transportation supply chain that feeds to and receives from freight and passengers across the entire rail, highway, water, and aviation networks. Due to interchange, shipments from UP and BNSF may also be transported along other Class I, Class II and Class III networks. Allowing individual states or localities to create regulatory patchworks undermines the safety and efficiency of interstate supply chains.

Even smaller Class II and III freight rail carriers that may only operate within a state’s boundaries are important to the overall efficiency of the interstate freight rail system. Short Line

\begin{itemize}
\item \textsuperscript{13} *ICCTA of 1995*, H. REPT. No. 104-311 (1995), at 96.
\item \textsuperscript{14} *Interstate Commerce Commission Sunset Act of 1995*, S. REPT. No. 104-176 (1995), at 6 [hereinafter “Senate Committee Report”].
Railroads operate 47,500 route miles comprising 29 percent of freight rail in the United States. These railroads move one in five carloads on the freight rail network annually, providing first and last mile service for longer interstate shipments.

Due to the interdependent design of railroads the Federal Government has determined, and the courts have confirmed, that a uniform regulatory scheme is necessary to the operation of the National rail system. These principles are also encapsulated in the Locomotive Inspection Act. Notably, Congressional intent can also be found in the Clean Air Act’s Section 209(e)(1) that preserves for the Federal Government the regulation of emissions from new locomotives and locomotive engines.

CARB’s Rule would be detrimental to the safe and efficient operation of the National rail system and undermine Congress’s statutorily expressed desire for Federal preemption of state and local laws that govern transportation by rail carrier.

**CARB’s Regulation**

The CARB locomotive regulation is primarily comprised of four parts: 1) the In-Use Operational Requirement, 2) the Idling Requirement, 3) the Spending Account, and 4) Registration, Reporting and Recordkeeping Requirements. As detailed below, each of these parts conflicts with existing statute, and therefore the EPA should reject both the policies and the application.

**In-Use Zero Emission Operational Requirement**

Starting in 2030, under the CARB Rule, for switcher, industrial, and passenger locomotives, only locomotives with an original build date less than 23 years old will be allowed to operate in California unless it meets Tier 4 standards, is operated in a zero emissions (ZE) configuration, or if the primary engine has not exceeded the specified megawatt hour (MWh). In addition, switch locomotives with original build dates of 2030, or newer, will need to operate in ZE configuration in California, and line-haul locomotives engines build dates of 2035 or

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19 Id.
21 See Senate Committee Report, supra note 13 at 4; see also 49 U.S.C. § 20701.
22 42 U.S.C. § 7543(e).
23 CALIFORNIA AIR RESOURCES BOARD, In the Matter of California’s Request for Authorization Pursuant to Clean Air Act Section 209(e) for the In-Use Locomotive Regulation, Clean Air Act Section (3)(2), (Nov. 7, 2023), available at https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2022/locomotive22/authorizationsdoc.pdf, [hereinafter “CARB Authorization”].
24 Id. at 5.
newer will need to operate in ZE configuration in California. This requirement is clearly preempted.

The ICCTA transferred general jurisdiction of freight rail transportation from the then Interstate Commerce Commission to the newly established STB. The ICCTA “preempts all state laws that may reasonably be said to have the effect of managing or governing rail transportation.” STB regulates transportation by rail carrier that is only by railroad as part of the interstate rail network.

Assuming compliant locomotives are commercially available, which is not presently the case, the CARB Rule would require railroads to switch locomotives at the border or install electrification infrastructure in states other than California. This clearly constitutes the management or governing of rail transportation. In addition, it creates the potential for certain other states in other regions to adopt similar rules. It is the type of regulatory patchwork that interferes with the safe and efficient movement of passengers and commerce across state lines. Thus, the regulation is preempted under the ICCTA.

**Idling Requirement**

CARB’s proposed idling requirements would require operators to shut down stationary locomotives and require the installation of automatic engine start stop devices. This provision is clearly preempted.

Locomotive idling is often a safety necessity to maintain brake pressure on a consist and to ensure the locomotive is operational when needed. It makes little economic sense for an operator to unnecessarily idle a locomotive. However, the Rule would “decide for railroads what constitutes unnecessary idling.” In other instances, where localities or states likewise attempted to limit the idling of locomotives, courts have found that such requirements are preempted by the ICCTA. Thus, an authorization of regulation would allow CARB to manage or govern rail transportation in contravention of the ICCTA.

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26 Id.
28 Assoc. of Am. R.R. v. S. Coast Air Quality Mgmt., Dist., 622 F.3d 1094, 1098 (9th Cr. 2010).
31 CARB Authorization, supra note 25 at 7.
32 CARB Final Regulatory Order, supra note 27 at §2478.9.
35 STB Decision, supra note 15 at 5.
Likewise, the regulation is preempted by the *Locomotive Inspection Act* (P.L. 103-272) in which courts have found “Congress intended to provide a nationally uniform standard for regulating railroad equipment … there is no area within which the states may regulate.” Again, the case of Federal preemption is clear.

**Record Keeping**

The same Federal preemption of state and locality-based regulation of railroads applies to the Rule’s record keeping requirements. The CARB Rule requires railroads to measure and report emissions information that will then be used to calculate payments to the below-mentioned Spending Account. It is also required to measure compliance with the above-mentioned idling requirement.

Again, the *ICCTA* preempts the establishment of state and local regulations of railroad operations and equipment. If Federal law precludes California from regulating the equipment and operations of railroads, it clearly precludes record keeping associated with these activities.

**Spending Account**

The CARB Rule requires railroads operating in California to “deposit” funds into a Spending Account to purchase, lease, or rent so-called zero emissions locomotives and associated equipment. These assessments, which may only be used for CARB-approved purposes, are specifically targeted at the railroad industry, economically regulate the railroad industry, regulate railroad operations, and are preempted under the *ICCTA*.

The Rule violates the principles of the *Staggers Rail Act of 1980* (P.L. 96-448). This statute was enacted to ensure freight rail operators earned a sufficient rate of return to rehabilitate the rail system in order to meet the demands of interstate commerce, and to reform Federal regulatory policy so as to preserve a safe, adequate, economical, efficient, and financially stable rail system.

Each year, the railroad industry invests an average of $23 billion in its network. These investments are made to benefit safety, utilization and capacity, and improvements in efficiency.

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39 CARB Final Regulatory Order, *supra* note 27 at §2478.11.
40 Id. at 8.
43 CARB Final Regulatory Order, *supra* note 27 at §2478.4.
that also reduce its regulated emissions.\textsuperscript{47} The Rule would undoubtedly reduce these investments by requiring operators to spend funds on regulatory compliance that would otherwise benefit supply chains and the environment.

For example, it is estimated that the two Class I railroads operating in California will each need to deposit between $700 million to $800 million a year to the Spending Account.\textsuperscript{48} As organizations representing local governments, businesses, and labor have noted, this level of assessment puts at risk investment in rail infrastructure projects.\textsuperscript{49} For example, funding for the Barstow International Gateway could be threatened, a project that will not only improve the efficiency of supply chains, but is located in areas that limit negative externalities on urbanized areas and help contribute to reduced congestion, maintenance, and improved safety on California highways.\textsuperscript{50} The project is also anticipated to create 20,000 direct and indirect jobs, including union jobs.\textsuperscript{51}

The burden of the Spending Account assessment would be especially acute on smaller Class II and Class III operations. According to one estimate, the amount many of these operators would have to deposit in the spending account exceeds the operator’s annual profits.\textsuperscript{52} This government-imposed burden is the very type of business sustainability scenario the \textit{Staggers Rail Act of 1980} was enacted to prevent.

CARB’s own analysis admits the burden of the Rule’s compliance costs that “it is possible some of these businesses would be eliminated.”\textsuperscript{53} As short line carriers are in the most direct competition with trucks, they have very little opportunity to raise their rates to meet the burdens and requirements imposed by the Rule. In short, the so-called Spending Account does nothing to retain or enhance investment in freight rail operations or capacity and would unreasonably burden interstate commerce. The Spending Account is fiscally coercive with little

\textsuperscript{47} \textit{Id.}
\textsuperscript{49} \textit{See} Letter from Dawn Rowe, Third District Supervisor, Chair, San Bernardino County Board of Supervisors to Karl Simon, Director, Transportation Climate Division, Office of Transportation and Air Quality, United States Environmental Protection Agency (Mar. 18, 2024); \textit{see also} Letter from Jon Switalski, Executive Director, Rebuild SoCal Partnership to David Dickinson, Transportation Climate Division, Office of Transportation and Air Quality, United States Environmental Protection Agency (Mar. 25, 2024).
\textsuperscript{50} \textit{Id.}
\textsuperscript{51} \textit{Id.}
to no accompanying resource to assist small operators with the cost of compliance. 54 Finally, it would also constitute the economic and operational regulation of railroads. It is thus preempted by the ICCTA.

**Conclusion**

The CARB Rule would have substantial negative consequences for interstate commerce. It represents the very type of government meddling in the economic regulation of railroads and the movement of goods and passengers the Staggers Rail Act of 1980 and the ICCTA were enacted to prevent. As such, it very much impacts statutes and policies under the jurisdiction of the T&I Committee and the agencies Congress has tasked with responsibility for carrying out these policies.

Railroads are a crucial mode in the movement of freight and passengers in interstate commerce. Congress has enacted and courts have issued rulings on an entire body of law to ensure that individual states and localities, or even groups of states and localities, do not enact policies that specifically interfere with the operations of railroads.

The CARB Rule fails any meaningful cost-benefit analysis. According to CARB’s own analysis, the cost for Class I operators exceeds $86 billion. 55 Further, it acknowledges some operations important to the system would not be able to absorb these regulatory costs. Additionally, it mandates the adoption of technology that is not commercially available, such as zero emission locomotives. EPA must reject this misguided, dangerous, and illegal petition.

The consequences of the CARB Rule are widely recognized beyond the directly regulated industry. It is for these reasons that several local government, labor and shipper stakeholders, recognize the economic harm the Rule will have on railroad employment, investment in infrastructure, and its capacity to serve the supply chain needs of shippers. 56 They have likewise petitioned EPA to reject the In-Use Locomotive Rule. 57

We encourage the Federal Government, states, localities and railroad operators to continue to work together on meaningful and voluntary initiatives to address the externalities of railroad operations. Unfortunately, the CARB Rule is an excessive overreach that threatens interstate freight and passenger rail transportation. The CARB Petition for Authorization must be rejected by EPA.

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56 See Letter from Brotherhood of Locomotive Engineers and Trainmen to Karl Simon, Director of Transportation Climate Division, Office of Transportation and Air Quality, Environmental Protection Agency (March 21, 2024)(on file with Comm.); Letter from California Agriculture Organizations to Karl Simon, Director of Transportation Climate Division, Office of Transportation and Air Quality, Environmental Protection Agency (2024) (On file with Comm.)
57 Id.
We appreciate your consideration of our concerns. If you have any questions, please contact the Republican Staff of the Subcommittee on Railroads, Pipelines, and Hazardous Materials at (202) 225-9446.

Sincerely,

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Sam Graves
Chairman
Committee on Transportation and Infrastructure

_____________________
Troy E. Nehls
Chairman
Subcommittee on Railroads, Pipelines and Hazardous Materials

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cc: The Honorable Rick Larsen, Ranking Member
    Committee on Transportation and Infrastructure

    The Honorable Donald Payne, Jr., Ranking Member
    Subcommittee on Railroads, Pipelines, and Hazardous Materials