

# ***FREIGHT RAIL & CARB***

- Zero-emissions locomotives aren't ready yet.
  - CARB's rule would force railroads to buy tech that doesn't exist.
  - Congress should amend the Clean Air Act to ensure emissions from locomotives that are used in interstate commerce are only subject to federal regulations.
- 

Railroads are acting on climate change by testing battery-electric and fuel-cell locomotives to cut emissions. Despite major investments, a clear zero-emissions solution hasn't emerged and will require further research and development. Despite sharing a common goal of reducing emissions, the California Air Resources Board (CARB) disregarded its historical collaboration with the rail industry by finalizing the In-Use Locomotive Regulation.

This rule, CARB's first targeting rail in 50 years, relied on unreasonable assumptions. Industry emphasized zero-emission locomotives aren't yet commercially viable. CARB ignored these concerns when seeking EPA authorization to enforce the regulation.

Thankfully, CARB opted to withdraw their authorization request to EPA on the In-Use Locomotive Regulation in January 2025. However, significant uncertainty remains around future regulatory efforts. Industry thus seeks statutory changes to the Clean Air Act to prevent a catastrophic regulatory landscape.

## ***CARB's rule was entirely unworkable for freight railroads.***

Had EPA had granted authorization, the results would have been disastrous. Here are just a handful of the problems with the rule:

- **Mandated investments in locomotives that are not yet commercially viable.** The rule would have required railroads to open and deposit funds into a "spending account" based on the Tier level and energy consumption for each locomotive operated in California in a calendar year. Railroads would generally have been forced to purchase zero-emission technology and infrastructure that is not even currently available.
- **Limited the useful life of over 25,000 locomotives.** The rule would have banned the operation of any locomotive that is 23 years or older from operating in California. Starting in 2030 for all switch, industrial, and passenger locomotives – and 2035 for line haul locomotives – older locomotives would have been able to operate in the state only if they were zero-emissions locomotives.

## ***The rule had serious implications for America's economy.***

Had this rule goes into full effect, it would have created a negative chain reaction across our economy. Specifically, there were four areas of particular concern:

- **If EPA had granted authorization, the California rule would have been national in scope immediately, because two-thirds of the locomotive fleet would have been prohibited from operating in California by 2030, and because other states could have replicated the regulation.** Section 209 of the CAA gives other states the ability to adopt CARB's emissions

standards were EPA to approve CARB's waiver request. An approval from EPA would have allowed more states to follow with identical regulations.

- **Railroads would have paid huge compliance costs.** The CARB rule's spending account provision would have significantly impacted all railroads operating in California. Estimates suggest that the Class I railroads there may have been required to deposit as much as \$800 million per year per railroad. And were EPA to approve CARB's authorization request, other states could similarly promulgate regulations requiring railroads operating in their state to set up additional spending accounts.
- **Some short lines would have gone out of business.** CARB acknowledged that the massive compliance costs could be too much of a burden for some short lines to bear, meaning that CARB anticipated those short lines would cease operating rather than comply.
- **The supply chain would have become less resilient. CARB's rule would have forced the railroads to utilize largely unproven technology to power the locomotives.** Any issues with technology can disrupt network efficiency and ultimately lead to supply chain disruptions. Americans have recently suffered through a broken supply chain for multiple years. Railroads were critical to helping fix those supply chain snarls, and this rule would have created new logistical challenges for the timely movement of freight.

### ***Railroads require both regulatory certainty and uniformity.***

Now that CARB has withdrawn their authorization request, it is imperative that Congress recognize the dangers posed by CARB's proposal and amend the Clean Air Act to prevent future attempts to bifurcate the freight rail network. AAR is supportive of several legislative efforts that would accomplish this goal:

- **Stop CARB Act (H.R.2218/S.1072).** This is a comprehensive reform to Section 209 of the Clean Air Act that removes CARB's ability to request waivers from EPA.
- **LOCOMOTIVES Act (H.R.3194/S.1779).** This bill aligns Section 209 of the Clean Air Act with other statutes to clarify that only the federal government has the authority to regulate emissions from locomotives.

### ***Many diverse voices join America's freight railroads in urging the EPA to deny the authorization.***

Notably, both the Bloomberg Editorial Board and The Wall Street Journal have written on the issue:

#### **Bloomberg: [California May Break the US's Freight-Rail Network](#)**

"Last year, the state's air-pollution regulator, known as CARB, finalized a new rule that would require freight railroads in the state to adopt zero-emissions locomotives for industrial use by 2030 and for normal hauling by 2035. It is now requesting a waiver from the Environmental Protection Agency to proceed. It all sounds simple enough. Yet in practice, there will be a few complications.

One is that the mandatory new technology doesn't exist. Although a handful of locomotive manufacturers are experimenting with zero-emissions designs, none is past the prototype phase. Even if an operative one appeared tomorrow, getting such trains on the rails would require huge new investment — not least in electrical-distribution infrastructure, across every type of topography — that is largely outside the railroads' control. Enforcing this rule before such a system is viable 'will bring the national rail network to a grinding halt,' a trade group warns. Cost presents another challenge.

CARB would require the railroads to pay into a restricted trust each year, with the funds earmarked for compliance. This assessment isn't negligible: For the bigger railroads, it would amount to some \$800 million apiece each year — or more than 20% of their total current spending — to comply with a single state's regulation. That's money that might otherwise be invested in research and development, safety improvements and so on. Smaller operators may simply be out of luck: CARB concedes that one risk of this rule is that "some of these businesses would be eliminated."

### **The Wall Street Journal: [Gavin Newsom's Battleground Gift to Donald Trump](#)**

"Hundreds of thousands of affluent and working-class Californians have moved to Arizona and Nevada in recent years to escape left-wing policies and their consequences. Now Mr. Newsom is exporting the costs to them and folks in other states. Welcome to Hotel California: You can check out but never truly leave. As another example, consider CARB's zero-emissions rail locomotive rule, which BNSF Railway CEO Kathryn Farmer recently called "a tax on movement of goods through the U.S. supply chain." Or California's electric-vehicle mandate, which is forcing automakers to raise costs on gasoline-powered cars to offset losses on EVs they must sell in the Golden State."

### **Major U.S. Industries & Labor**

- The U.S. Chamber of Commerce and more than 130 state and local chambers [stressed](#) economic harm. Additionally, 206 state-based business organizations signed a [letter](#) filed by the Illinois Manufacturers Association.
- A group of major U.S. industries, led by the National Association of Manufacturers and representing the gamut of the economy — trucking, retailers, builders, contractors, beer, wholesalers, food companies, warehousing, lumber, paper, wood, plastics, fuel providers, fuel stations and a range of energy sources — [argued](#) the rule would hurt millions of Americans.
- The Rail Customer Coalition (RCC), representing industries tied closely to the viability of reliable rail transportation, [filed](#) on behalf of roughly 75 national and state organizations. Industries represented included manufacturing, agricultural, and energy — including the cross-section of chemical companies responsible for U.S. energy dominance.
- The "Joint Associations" — some of the largest users of freight rail — including the Private Railcar Food and Beverage Association, American Forest and Paper Association, Consumer Brands Association, Freight Rail Customer Alliance, National Coal Transportation Association, National Industrial Transportation League, and Western Coal Traffic League — [voiced](#) grave concern.
- Industries such as [defense](#), [rail suppliers](#), [fuel and petrochemical manufacturers](#), and [biofuels](#) outlined the negative effects to their critical sectors.
- Organized labor, such as [ironworkers](#), [pipe trades](#), [engineers](#) and [conductors](#) have documented the negative effect on jobs and the economy.

### **Expert Voices**

- Leading Individual subject matter experts at institutions such as the [American Enterprise Institute](#), [Center for Regulatory Freedom](#), [George Washington University](#), [Heritage Foundation](#) and [Reason Foundation](#) offered analysis. While a large coalition of policy organizations [filed](#) collectively at the EPA.

- Environmental advocates at the American Conservation Coalition, C3 Solutions and ConservAmerica [argued](#) that the rule will have counterproductive results in terms of emissions reductions. At the same time, consumer advocates [argued](#) the rule would raise costs by picking winners and losers and fail to meet long-term consumer needs.

## Government Officials

- A [letter](#) from U.S. Senators Pete Ricketts (R-NE), Shelley Moore Capito (R-WV), Joe Manchin (D-WV), John Boozman (R-AR), Mike Braun (R-IN), Kevin Cramer (R-ND), Joni Ernst (R-IA), Deb Fischer (R-NE), John Hoeven (R-ND), Cynthia Lummis (R-WY), Roger Marshall (R-KS), and Roger Wicker (R-MS) voiced opposition. Most recently, the majority of the House Transportation & Infrastructure Committee [asserted](#) their authority in this area.
- Additionally, the U.S Small Business Administration Office of Advocacy [emphasized](#) the disproportionate harm the CARB rule would have on short line railroads, including the ability to put many out of business while The Surface Transportation Board (STB) expressed concern in its [comments to the EPA](#).
- Leaders from states across the country, including [Ohio](#), [California](#), [Utah](#), [Kentucky](#), [New York](#), [Missouri](#), [Minnesota](#), [Arizona](#), [Illinois](#), [Mississippi](#), [Florida](#), [Wisconsin](#), [Georgia](#), [Michigan](#), [Oklahoma](#), [North Carolina](#), [West Virginia](#), [Oregon](#), [New Jersey](#), [Virginia](#), [Tennessee](#), [Nevada](#), [Louisiana](#), [Texas](#), [Pennsylvania](#), [Washington](#) and [Indiana](#).
- County advocates — through representation in Washington, D.C. — [argued](#) that the regulation will divert freight to strained highway systems while running afoul of a more appropriate approach coordinated between federal, state and local governments.