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**TRUCK RENTING AND LEASING ASSOCIATION**

January 31, 2025

Submitted Electronically

RE: Support for HB 3119 to Delay Implementation or Enforcement of the Advanced Clean Trucks (ACT) Rule Until January 1, 2027

To Whom It May Concern:

On behalf of the Truck Renting and Leasing Association (TRALA), we submit the following comments in support of HB 3119 which would delay implementation or enforcement of the Advanced Clean Trucks (ACT) rule until January 1, 2027. The ACT rule and its mandate around electric trucks will have -- and is already having -- a huge impact on truck renting and leasing companies' ability to purchase trucks in the state of Oregon. This bill will allow time for the technology and infrastructure around electric trucks to catch up with these mandates.

Based in Alexandria, Virginia, TRALA is a nearly 50-year-old national trade association representing the interests of nearly 500 truck renting and leasing companies and over 100 supplier companies. TRALA advocates on behalf of its members both before federal and state regulators. TRALA's members provide short-term commercial rental vehicles, short-term consumer rental vehicles, and full-service leases to customers that operate a vehicle or fleet of vehicles. Most TRALA members are family-owned businesses that have operated for generations to supply the transportation backbone to small businesses throughout the U.S. Their diverse customer bases typically rent or lease fewer than four trucks per customer and are dependent on flexible transportation contracts to manage variable operations and expand their small businesses.

Regulators must account for the complex nature and vehicle needs of an industry as widely varied as trucking. This especially holds true for those fleets utilizing rented and leased trucks. TRALA members' customers opt to rent or lease rather than purchase trucks due to the cost of new equipment, the complexity involved in undertaking maintenance, and to support seasonal and temporary freight demand surges. These truck operators are the least able to manage a transition to zero-emission vehicles (ZEVs) due to high capital costs, limited access to fueling infrastructure, and highly variable operations. These challenges are

particularly burdensome for small, and often minority-owned, trucking companies operating in Oregon.

Leased vehicles make up a substantial portion of the nation's trucking fleet. TRALA's member companies purchase more than 30 percent of all new over-the-road trucks operating on our nation's highways today. Some trucking companies only use leased trucks, others operate a mix of owned and leased trucks, and some may not lease any trucks at all.

TRALA supports Oregon's efforts to reduce transportation-related emissions; however, future emission reductions attributed to the ACT rule in Oregon is purely speculative. TRALA and its members support passage of HB 3119 to allow the delayed implementation or enforcement of the ACT waiver while assessing the state's charging infrastructure development, technology readiness, and better understand the potential economic impacts on Oregon's consumers, supply chains, and trucking companies.

## **BACKGROUND**

While the ACT rule is directed at original equipment manufacturers (OEMs) to sell increasing percentages of ZEVs through model year 2035, it will be the thousands of individual state fleets that will determine the success or failure of the ACT rule by deciding whether to purchase new, untested, and exceedingly expensive power units and charging stations for their daily operations. In Oregon, beginning January 1, 2025, 7 percent of all new Class 2B-3 trucks, 11 percent of new Class 4-8 trucks, and 7 percent of new Class 7-8 tractors sold in the state must be ZEVs.

TRALA member fleets that rent vehicles have little or no customers wishing to rent ZEVs even with incentives in place to do so. As discussed below, fleet requirements to take delivery of certain numbers of ZEVs when placing orders for new, clean diesel trucks in ACT states significantly impacts the bottom lines of rental companies and provides no environmental benefit. The following comments outline TRALA's primary reasons for seeking more time to implement and enforce the Oregon ACT requirements as proposed under HB 3119.

## **COMMENTS**

### **ACT Rule Will Severely Impact Fleet Purchases of New Trucks**

OEMs keep pinching truck dealers to sell more ZEVs in ACT states so OEMs can achieve their compliance obligations. While regulators continue to state that fleets remain free to purchase equipment that satisfies their needs under the ACT rule since this is an "OEM" directed regulation (as opposed to a "fleet" directed regulation), the reality is that OEMs can dictate the availability of their vehicles regardless of what a dealer may want.

The ACT “technology-neutral” narrative does not fly when a fleet is being forced to purchase set numbers of ZEVs for the opportunity to take delivery of a given number of clean-diesel trucks. Fleets are not in the practice of purchasing expensive assets that will be either under-utilized or not utilized at all. The fact remains that many ZEVs become stranded assets that are not delivering freight and in turn not reducing emissions as envisioned.

### **ACT Rule Will Severely Impact Truck Dealers**

Under the ACT rule, OEM emission credits are earned when a new ZEV is sold to the final purchaser. The challenge is that internal combustion engine (ICE) trucks cannot be sold to a fleet until a certain percentage of ZEVs have been purchased by consumers to generate the credits needed to comply. This has come to be known as the ZEV to diesel ratio formula.

Dealers across the country are struggling to find a way to navigate this situation. This will also be the case in Oregon as you have already heard from the Oregon Vehicle Dealer Association. Many dealers will not survive the economic impact of this rule despite being in business for generations. They will have no other option but to eliminate jobs and potentially lose everything.

By way of illustrations, truck dealers in New York suffered from the effects of the ACT rule before it even started. Vestal, New York-based Burr Truck shared that it lost 200 orders for new diesel trucks in 2024 because their OEM is requiring the dealer to sell one battery-electric truck before it can order or sell 13 diesel trucks. California, even after having put significant investments into charging infrastructure and financial assistance to support ZEV purchases, saw a 50 percent decrease in new Class 8 truck sales (ZEV and diesel) year-over-year in June 2024 as fleets continued to try and purchase the equipment they need to meet their business needs. If California’s efforts to provide incentives for ZEVs and charging infrastructure has led to decreases in new truck purchases, we can only imagine the impact in a state like Oregon that lacks the resources to do the same.

### **ACT Rule Will Likely Lead to Increased Emissions Levels**

Implementing the ACT rule on its current rushed timeline will curtail historical efforts to advance efficient, clean diesel technologies as new truck sales -- both diesel and electric -- will become limited, keeping older, heavier polluting trucks on the road longer. Currently, 59 percent of heavy-duty diesel vehicles in Oregon meet the latest U.S. Environmental Protection Agency (EPA) clean diesel standards for both particulate matter (PM) and nitrogen oxides (NOx) whereby only 0.07 percent of commercial trucks in Oregon are electric.<sup>1</sup>

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<sup>1</sup> 2023 U.S. Vehicles in Operation TIPNet Data (Class 3-8 vehicles, Model Year 2010 and newer) provided by S&P Global Mobility.

Attempting to implement the ACT rule on an accelerated timeline will unfortunately result in the opposite aim of reducing emissions in Oregon.

**Compliance Costs Must Be More Thoroughly Considered**

In May 2024, Ryder System, Inc. released a report on ZEV pricing titled “Electric Vehicle Total Cost to Transport Analysis.”<sup>2</sup> In using a wholistic ZEV cost approach called “total cost to transport” (TCT), Ryder calculated annual cost figures that included labor and additional truck purchase needs among other inputs. Ryder’s figures represented a real-world analysis for transporting freight using battery electric vehicles (BEV’s) in California. The findings estimated an annual TCT of more than \$648,000 per electric truck. (See Table 1).

TABLE 1: Class 8 ICE and ZEC Annual Total Cost to Transport in California

CALIFORNIA		1.2 Drivers - 1 Tractor		2.07 Drivers - 1.87 Tractors			
	ICE TRUCKS		EVTRUCKS		VARIANCE		
Category	Cost Detail	Amount	Cost Detail	Amount	Variance	% Change	
Labor Cost	1.2 drivers, \$29/hr, ~58 hours/week	\$ 93,285	2.07 drivers, \$30/hr, ~97 hours/week	\$ 164,151	\$ 70,866	76%	
Other Personnel Costs	PTO, Payroll Tax, Workers Comp	\$ 40,742	PTO, Payroll Tax, Workers Comp	\$ 70,955	\$ 30,213	74%	
Equipment Cost*	1 tractor, \$3,444/month per unit	\$ 41,328	1.87 tractors, \$11,091/month per unit	\$ 248,438	\$ 207,110	501%	
Equipment Maintenance Cost*	\$0.065/mile	\$ 7,097	\$0.06/mile	\$ 8,734	\$ 1,637	23%	
Fuel vs Energy Cost	\$0.89/mile fuel cost, 6.9 MPG	\$ 96,997	\$0.32/mile energy cost	\$ 46,126	\$ (50,871)	(52%)	
EV Charger Cost	N/a	\$ -	\$186k hardware, installation, maintenance	\$ 8,267	\$ 8,267	-	
Other Operating Costs	1 tractor, insurance, G&A, CVCs, etc.	\$ 54,665	1.87 tractors, insurance, G&A, CVCs, etc.	\$ 102,041	\$ 47,376	87%	
<b>Total</b>	<b>Annual TCT</b>	<b>\$ 334,114</b>	<b>Annual TCT</b>	<b>\$ 648,712</b>	<b>\$ 314,598</b>	<b>94%</b>	

**94% TOTAL COST INCREASE**

(Electric Vehicle Total Cost to Transport Analysis, Ryder System Inc. (May 2024))

Ryder’s analysis estimated the one-to-one conversion from diesel to ZEVs for medium- and heavy-duty trucks in California increases the TCT from 94 to 114 percent.<sup>3</sup> When expanding the analysis to a mixed fleet, Ryder estimated it can cost 56 to 67 percent more to convert a fleet to EVs in California where fuel and energy costs are typically higher than in other states.<sup>4</sup> These transportation cost increases could cumulatively add approximately 0.5 to 1.0 percent to overall inflation according to Ryder.<sup>5</sup> TRALA asks that the Oregon legislature fully understand the true financial costs that would be imposed upon trucking fleets and others if the ACT rule were to be approved and implemented.

<sup>2</sup> Electric Vehicle Total Cost to Transport Analysis, Ryder System Inc. (May 2024).

<sup>3</sup> *Supra* note 18, at 2.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

### **Truck Charging Infrastructure Remains Insufficient in Oregon**

The public charging network in Oregon is insufficient to support the charging needs of medium and heavy-duty truck rental and lease customers, almost all of whom will be exclusively reliant upon the public network for their charging needs. According to the U.S. Department of Energy (DOE), there are zero public direct-current (DC) fast charging locations in the entire State of Oregon that can accommodate Class 3–5 ZEV trucks.<sup>6</sup>

Nearly all charging of a rented truck will happen while the truck is in the hands of the customer. The duration of most truck rentals are long enough that customers will have to recharge multiple times throughout the course of the rental.

Truck rental customers -- nearly all of whom will not have access to their own charging depot -- will be 100 percent reliant upon a non-existent public fast charging network that simply cannot support the needs of customers renting trucks in Oregon.

### **Huge Questions Remain Over Electricity Availability and the Electric Grid**

When power demands in Oregon exceed supply during winter storms or heatwaves for example, utilities and governments will be forced to make decisions about who has access to power and for how long. Large-scale rapid electrification of fleets running parallel to increasing energy demands for data centers has the potential to overburden the state grid system and create a wide array of statewide disruptions, including the impossibility to recharge commercial trucks.

Oregon’s electric grid system continues to age and faces growing reliability and resilience challenges from extreme weather and cyber and physical security threats. Power plants are being retired at a faster pace than they’re being replaced according to the Federal Energy Regulatory Commission (FERC) commissioners testifying at a 2023 hearing before the Senate Energy and Natural Resources Committee.<sup>7</sup> FERC commissioners warned that there is a “looming reliability crisis in our electricity markets.”<sup>8</sup> Commissioners added that, “This problem is coming. It’s coming quickly. The red lights are flashing.”<sup>9</sup>

Failing to provide enough reliable power quickly enough will jeopardize the electrification of all on-road electric vehicles and cause a ripple effect in transportation of both freight and passengers. Oregon businesses and residents, demand greater certainty in power supply

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<sup>6</sup>[https://afdc.energy.gov/stations#/analyze?fuel=ELEC&region=USCA&ev\\_levels=dc\\_fast&maximum\\_vehicle\\_class=MD&show\\_map=true](https://afdc.energy.gov/stations#/analyze?fuel=ELEC&region=USCA&ev_levels=dc_fast&maximum_vehicle_class=MD&show_map=true).

<sup>7</sup> <https://www.energy.senate.gov/hearings/2023/5/full-committee-hearing-to-conduct-oversight-of-ferc>.

<sup>8</sup> *Id*

<sup>9</sup> *Id.*

than that. The trucking industry, as the nation's logistical backbone, deserves greater certainty, as well.

## **CONCLUSION**

TRALA and its members remain committed to a sustainable, lower-carbon transportation future and we support sensible, reasonable efforts that help us get there. Rental and leasing companies' experiences with ZEVs, if positive and cost effective, can meaningfully help advance the broader adoption of lower-carbon technologies.

The feasibility, costs, and economic disruptions attributed to adopting the ACT rule have already prompted the states of North Carolina, Connecticut, and Maine to back away from their initial support for the rule. Other states that have already adopted the rule -- such as Colorado, Maryland and Rhode Island -- have delayed their implementation dates to model year 2027 after becoming more educated on the impacts of prematurely implementing the ACT rule.

Finally, Oregon must not rush the implementation of the ACT rule as its future remains in limbo given pending litigation; whether the ACT rule's prior waiver will be revoked by the incoming Trump Administration; and the fate of federal financial incentives for the purchase of ZEVs and fueling infrastructure. TRALA thereby supports pausing the implementation and enforcement of the ACT rule to January 1, 2027, under HB 3119.

Should you have any questions regarding our comments, please contact me at [jjacoby@trala.org](mailto:jjacoby@trala.org).

Sincerely,



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