



Officer Kasonja Pochop
Commercial Vehicle Section
P.O. Box 942898
Sacramento, CA 94298

March 3, 2022

Dear Officer Pochop:

Thank you for submitting the standardized regulatory impact assessment (SRIA) and summary (Form DF-131) for Electronic Logging Devices for Intrastate Motor Carriers and Drivers, as required in California Code of Regulations, title 1, section 200(a)(1) for major regulations. Proposed text of the regulations were not submitted, therefore comments are based solely upon the SRIA and other publicly available information.

The proposed regulations require California intrastate drivers to use Electronic Logging Devices (ELD) that automatically record driving time and drivers' hours of services (HOS) in order to align with federal regulations for interstate drivers. Assuming pre-emptive adoption in the third quarter of 2022 and full compliance by October 2022, when the regulations go in effect, the SRIA expects the regulations to lead to 2,500 fewer HOS violations per year, hence reducing fatigue-induced accidents by 0.7 percent (83 avoided crashes valued at \$35 million), and to lead to statewide savings of \$272 million from reduced paperwork (\$1,000 saved per driver per year). Based on California's share of national transportation and warehousing gross output of 13.1 percent, the SRIA estimates that 367,000 California intrastate drivers will be impacted, with more than half (197,000 or 54 percent) required to purchase an ELD by October 2022, costing between \$198 and \$723 per new ELD (including monthly fees and installation), depending on ELD choice, for a total of \$45 million to \$164 million statewide. The SRIA assumes an ELD product life of five years, leading to an additional \$7 million to \$26 million in costs per year for drivers with existing ELDs that are due for replacement. Other costs include training and HOS compliance costs totaling \$13.8 million annually. The SRIA states that fiscal impacts are expected to be negligible while recognizing that changes in citation fees would impact state, county, and local budgets, and that changes in workload for roadside inspectors are a potential fiscal impact.

Finance generally concurs with the methodology with the following exceptions. First, the SRIA should incorporate and discuss relevant assumptions and data on ongoing pandemic circumstances such as the current global chip shortage and general supply disruptions and how that may delay compliance, impacting the timing and magnitude of costs and benefits in the first year of implementation. Actual violation data from the 2021 FMCSA Pocket Guide Book showed that there were over 20,000 (0.7 percent) ELD violations for the nation in 2020,

three years after the phase-in of the federal program and one year after the 2019 mandatory compliance, demonstrating challenges in compliance even before the pandemic. Similarly, the agency should discuss any implications of potential truck driver shortages as the SRIA assumes that new drivers will be hired to make up for required reduced hours to avoid HOS violations. Actual occupations data for California showed that the number of affected drivers decreased by nearly 5 percent in 2020. The SRIA should use updated data to reflect current conditions or alternatively justify the implicit assumption that the number of affected drivers has already recovered to pre-pandemic levels and the assumption of growth to make up for reduced HOS violations despite potential labor shortages in this sector. Another recent development that should be discussed is the move from mobile carriers to begin shutting down 3G networks, which would lead to more existing ELDs that need to be replaced than assumed in the SRIA.

Second, the SRIA must produce quantitative estimates of all fiscal costs and savings to state, county and local budgets, as required by Finance regulations. This includes but is not limited to: 1) the increased state and local sales tax revenue from the purchase and installation of nearly 200,000 ELD devices that would cost between \$40 million to \$145 million, which would increase sales tax revenue by \$3.3 million to \$11.9 million (assuming an average tax rate of 8.2 percent); 2) any changes in violation fees collected by the state due to potential delays in compliance discussed above and due to better tracking of violations; and 3) any changes in workload for roadside inspectors.

These comments are intended to provide sufficient guidance outlining revisions to the impact assessment if a SRIA is required. The SRIA, a summary of Finance's comments, and any responses must be included in the rulemaking file that is available for public comment. Finance understands that the proposed regulations may change during the rulemaking process. If any significant changes to the proposed regulations result in economic impacts not discussed in the SRIA, please note that the revised economic impacts must be reflected on the Standard Form 399 for the rulemaking file submittal to the Office of Administrative Law. Please let us know if you have any questions regarding our comments.

Sincerely,

[Signature on File]

Somjita Mitra
Chief Economist

cc: Ms. Dee Dee Myers, Director, Governor's Office of Business and Economic Development
Mr. Kenneth Pogue, Director, Office of Administrative Law
Amanda L. Ray, Commissioner, California Highway Patrol