



**Statement
On Behalf of the
American Road and Transportation Builders
Association**

**Submitted to the
United States House of Representatives
Committee on Science, Space and Technology
Subcommittee on Environment
and
Subcommittee on Oversight**

Hearing on At What Cost? Examining the Social Cost of Carbon

February 28, 2017

Chairman Biggs, Chairman LaHood, Ranking Member Bonamici and Ranking Member Beyer, thank you for holding this hearing on At What Cost – Examining the Social Cost of Carbon. ARTBA, now in its 115th year of service, provides federal representation for more than 6,000 members from all sectors of the U.S. transportation construction industry. ARTBA’s membership includes private firms and organizations, as well as public agencies that own, plan, design, supply and construct transportation projects throughout the country. Our industry generates more than \$380 billion annually in U.S. economic activity and sustains more than 3.3 million American jobs.

Because of the nature of their businesses, ARTBA members undertake a variety of activities that are subject to environmental laws and regulations. ARTBA’s public sector members adopt, approve, or fund transportation plans, programs, or projects which are all subject to multiple federal regulatory requirements. ARTBA’s private sector members plan, design, construct and provide supplies for federal-aid transportation improvement projects. The “Social Cost of Carbon” (SCC) has been proposed as a component of a number of regulations impacting the development and maintenance of needed transportation infrastructure facilities. Most recently, ARTBA submitted comments on August 1, 2016, to the United States Department of Transportation (U.S. DOT) objecting to the use of SCC in benefit-cost analysis for rail projects.

The SCC, which was developed in 2010 by a group of 13 federal agencies, including the U.S. DOT, is “an estimate of the monetized damages associated with an incremental increase in carbon in any given year.” ARTBA has two major critiques of the SCC. First, when applied to transportation projects, the SCC is only used to ascertain the “costs” of those projects in terms of carbon emissions. SCC does not account for any carbon-related “benefits” achieved through the construction of transportation improvements which reduce congestion. EPA’s own data indicates that carbon emissions from vehicles are higher when vehicles are stuck in congestion as opposed to free-flowing traffic. Thus, SCC is an incomplete or biased analysis. If there is to be a tool measuring the implication of carbon emissions from transportation improvements, it must include the benefits realized by those projects.

Further, the vagueness of the SCC presents a variety of dangers to the regulated community. The proposal’s lack of specifics as to what types of “costs” are to be measured could enable project opponents to suggest an endless array of considerations which would essentially preclude new transportation improvements from being built. For example, many project opponents believe in the theory of “induced demand,” which essentially states that any new road capacity will “create” new motor vehicles to occupy it. Thus, use of the SCC to account for “induced demand” would be holding transportation projects responsible for the worst-case scenario predictions of their opponents.

Additionally, the open-ended nature of the SCC could attempt to hold transportation projects responsible for emissions associated with development occurring after the project is completed. Put another way, a new road could be held accountable for emissions coming from houses and/or businesses built along the road after it is complete. Again, such a measurement would be heavily speculative at best.

In our August 2016 comments, ARTBA voiced concern over the inclusion of SCC in guidance mandated by the “Fixing America’s Surface Transportation” (FAST) Act surface transportation reauthorization law. Specifically, ARTBA noted that inclusion of SCC in the guidance exceeds both the authority of the Federal Railroad Administration and the intent of the FAST Act. Nowhere in the FAST Act is the FRA (or U.S. DOT) instructed to analyze whether or not GHG emissions equate to any type of cost or benefit for rail projects (or any other transportation projects). Congress had a chance to include greenhouse gas (GHG) related measures in the FAST Act when it was deliberated in both the House and Senate and chose not to do so. In addition, the Office of Management and Budget released a November 2, 2015 Statement of Administration Policy during the FAST Act negotiations which also failed to convey an Administration recommendation that GHG analysis should be a part of the legislation’s implementation.

ARTBA’s comments underscore our broader concern about SCC as an analytical tool—specifically that it exceeds the authority of the federal government and it was promulgated without proper input from the regulated community. Various organizations have raised concerns over the methods used in calculating SCC and whether or not SCC has undergone an adequate notice and comment process in prior agency rulemakings. While some federal agencies may disagree with these concerns it is important that such issues be fully resolved before SCC is used in any agency guidance or regulation.

To illustrate this point, the guidance on which ARTBA commented in 2016 notes that the monetary values for carbon emissions reduction “were constructed by discounting the damages caused by its contribution to changes in the global climate from that year through the distant future.” While opinions on climate change may differ amongst parties, this is hardly the type of definitive measurement that should be used in assessing the cost and/or benefits of any transportation project.

The SCC as a measurement needs to be further defined before it is used in this (or any other) guidance and/or regulation. This should be accomplished by further study and additional opportunities for participation and comment by the regulated community.

ARTBA looks forward to continuing to work with the subcommittees towards achieving a cleaner environment through efforts which strike the proper balance between proper regulatory protection and our nation’s infrastructure needs.