

Assembly Concurrent Resolution

No. 140

Introduced by Assembly Member O'Donnell

February 15, 2022

Assembly Concurrent Resolution No. 140—Relative to freight transportation.

LEGISLATIVE COUNSEL'S DIGEST

ACR 140, as introduced, O'Donnell. Freight transportation: supply chain.

This measure would declare and recognize that the state is currently suffering a supply chain crisis. The measure would urge the state's public agencies, departments, and local governments to provide all due and proper assistance to carriers, cargo owners, public seaports, terminals, workers, and facilities to facilitate the essential service of delivering goods to Californians.

Fiscal committee: yes.

1 WHEREAS, The national supply chain, national economy, and
2 international standing of the United States benefits from and
3 depends on the airport, land port of entry, and seaport infrastructure
4 that facilitates interstate and international trade by the state, its
5 local governments, and its residents; and
6 WHEREAS, The state is experiencing the effects of an
7 unprecedented global supply chain crisis, with disruptions to goods
8 movement caused and exacerbated by the COVID-19 pandemic
9 and surges in product demand, which outstrip equipment supply
10 and availability; and

1 WHEREAS, The state’s goods movement system and supply
2 chain have facilitated the lion’s share of the growth of United
3 States trade, which in 2021 resulted in a 27 percent growth in the
4 trade deficit to approximately \$860,000,000,000, including a 14.5
5 percent increase in China trade of an additional \$355,000,000,000
6 over the same time period; and

7 WHEREAS, The effects of the global supply chain crisis and
8 the resulting disruptions to goods movement caused and
9 exacerbated by the COVID-19 pandemic in the state are complex,
10 pervasive, and acute; and

11 WHEREAS, These effects have resulted in numerous impacts
12 to all modes of freight transportation and goods movement in the
13 state; and

14 WHEREAS, Impacts of the supply chain crisis have caused
15 unprecedented and unexpected congestion in ocean going vessel
16 traffic at seaports, with the backup of vessels off the state’s coast
17 or in transit to the state’s ports, which peaked in January 2022 at
18 over 100 vessels, resulting in hundreds of thousands of containers
19 delayed and off schedule for arrival at the state’s marine terminals;
20 and

21 WHEREAS, The state’s marine terminals are processing more
22 cargo than ever before, maintaining expanded gate hours, and
23 processing more empty containers than ever before, but with
24 constrained acreage and space and a lack of intermodal equipment
25 availability for customers. As a result, the state’s marine terminals
26 are congested, lack space for regular transactions, suffer from a
27 dramatic climb in excessive dwell times, and deal with delayed
28 and variable vessel sailing windows; and

29 WHEREAS, While experiencing the impacts of the COVID-19
30 pandemic amongst its membership, the state’s workforce of
31 longshore workers continues to add shifts, hours, and registrants
32 to keep up with the unprecedented strain on marine terminal
33 services; and

34 WHEREAS, Motor carriers and the trucking community
35 continue to maintain their roles as frontline and essential service
36 providers throughout the COVID-19 pandemic, see unprecedented
37 growth in demand for drayage and local delivery during the supply
38 chain crisis, and respond by adding as many new vehicles and
39 drivers into the supply chain system as possible. However, they
40 are limited in their amount of business by the lack of access to

1 chassis and other intermodal equipment, excessive empty
2 intermodal container storage on trucking terminals and occupying
3 chassis, and full facilities or limited windows for transactions both
4 at marine terminals and at warehouses and distribution centers;
5 and

6 WHEREAS, The state’s warehouses and distribution centers
7 continue to experience record levels of low vacancy and higher
8 than expected inventory turnover, and suffer from secondary
9 congestion impacts through other components of the supply chain,
10 uncertainty in delivery schedules, and capacity constraints, which
11 limit their ability to continue to receive or distribute cargo as
12 effectively or efficiently as usual; and

13 WHEREAS, Impacts of the supply chain crisis have created
14 unprecedented and unexpected strains on the railroads serving the
15 state. These railroads have to manage not only the same backups
16 and congestion and intermodal equipment availability challenges
17 facing motor carriers and marine terminals, but also being the
18 victim and target of organized and extensive cargo theft; and

19 WHEREAS, The COVID-19 pandemic demonstrates that access
20 to the global supply chain in times of excessive demand is limited
21 by extenuating factors beyond the control of Californians, and that
22 the impacts of a lack of access to equipment, vessels, and foreign
23 markets on the state’s cargo owners, importers, exporters, and
24 economy, which relies on these cargo owners, is significant; and

25 WHEREAS, It is in the state’s interest to assist the state’s
26 importers and exporters weathering increased costs of access to
27 and from foreign and interstate markets, reduce the impacts of
28 congestion, improve the efficiency of the supply chain, and
29 minimize other negative externalities associated with the supply
30 chain crisis, including increased emissions and degradations in air
31 quality; and

32 WHEREAS, The state’s importers and exporters and the
33 international trade that they facilitate are critical components of
34 the state and national economy, directly or indirectly employing
35 millions of Californians, contributing billions of dollars in
36 economic activity, and generating significant local and state tax
37 revenues as a result; and

38 WHEREAS, The development, improvement, expansion, and
39 maintenance of the state’s importing and exporting of cargoes to
40 and from farming, distribution, manufacturing, fabrication,

1 assembly, processing, and warehousing sites in the state are
2 essential to the growth of the state's economic well-being and the
3 ability of those businesses and workers associated with
4 trade-related industries to continue to compete cost effectively on
5 a regional, national, and global scale; and

6 WHEREAS, The impacts of the global supply chain crisis are
7 driving costs and threatening access of the state's importers and
8 exporters to foreign markets, which threatens the sustainable
9 economic growth of the state; and

10 WHEREAS, It is in the state's and nation's best interests to
11 encourage the development and growth of California-originated
12 and California-destined international and interstate cargoes,
13 improve access to foreign markets for California's goods by
14 reducing the real costs of transportation, and create and support
15 jobs provided by the state's employers who can grow their import
16 and export businesses and maintain their global competitiveness;
17 now, therefore, be it

18 *Resolved by the Assembly of the State of California, the Senate*
19 *thereof concurring*, That the Legislature declares and recognizes
20 that the state is currently suffering a supply chain crisis; and be it
21 further

22 *Resolved*, That the Legislature urges the state's public agencies,
23 departments, and local governments to provide all due and proper
24 assistance to carriers, cargo owners, public seaports, terminals,
25 workers, and facilities to facilitate the essential service of delivering
26 goods to Californians; and be it further

27 *Resolved*, That the Chief Clerk of the Assembly transmit copies
28 of this resolution to the author for appropriate distribution.