

# Frequently Asked Questions



## WHAT IS AN INDIRECT SOURCE RULE (ISR)?

An Indirect Source Rule (ISR) is a regulation imposed on businesses that generate traffic from trucks, vehicles, and other transportation sources. These rules often target warehouses, distribution centers, ports, and logistics hubs. These rules do not regulate emissions directly but instead impose fees and operational restrictions on businesses based on vehicle traffic or facility size.

ISRs are being promoted in multiple regions under the premise of reducing emissions from the supply chain. However, ISRs may increase emissions while simultaneously driving up costs for businesses, workers, and consumers.

## WHY DO ISRS LEAD TO HIGHER, NOT LOWER, EMISSIONS?

Despite their stated goal of improving air quality, ISRs fail to account for how supply chains function. These rules create inefficiencies, increase truck miles, and ultimately raise emissions. Here's why:

### (1) Longer Truck Routes & Higher Emissions

- ISRs discourage companies from operating in key logistics hubs, forcing them to relocate warehouses and distribution centers farther from consumers and major transportation corridors.
- As a result, trucks must travel longer distances to reach their destinations, increasing fuel consumption, congestion, and pollution.

### (2) Supply Chain Disruptions & Inefficiencies

- Instead of reducing truck trips, ISRs force companies to reroute shipments in ways that lead to more frequent and fragmented deliveries.
- This leads to more trucks on the road, more fuel burned, and more emissions generated.

### (3) Shifting Jobs & Emissions to Less Regulated Areas

- ISRs do not actually eliminate emissions—they simply push businesses and jobs to different locations, often outside the regulated areas.
- This does nothing to reduce pollution on a regional scale; it just shifts the emissions elsewhere.

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## HOW DO ISRS HURT LOCAL BUSINESSES, WORKERS, AND CONSUMERS?

Beyond their environmental shortcomings, ISRs have serious economic consequences for workers, businesses, and everyday consumers:

- **Job Losses in Key Logistics Hubs** – Warehouses and distribution centers provide thousands of working-class jobs. ISRs make it more expensive to operate in key regions, driving local businesses away and taking jobs with them.
- **Higher Costs for Goods & Services** – Increased regulatory fees and inefficiencies raise the cost of transportation, which directly impacts the price of goods that consumers buy every day.
- **Strain on Local Economies** – Small companies, suppliers, and logistics providers bear the brunt of these costs, making it harder for them to stay competitive.

## ALTERNATIVES TO ISRS?

Instead of punitive regulations that may not achieve intended environmental results – and negatively impact those workers and communities who can least afford it, the Supply Chain Federation supports collaborative solutions that improve both environmental and economic outcomes:

- **Invest in Modern Infrastructure** – Expanding and upgrading ports, highways, and rail networks to reduce congestion and improve fuel efficiency.
- **Support Cleaner Technologies** – Providing tax incentives, grants, and financing to help logistics companies transition to cleaner vehicles, equipment, and energy sources.
- **Encourage Industry-Led Innovation** – Working with supply chain leaders to develop sustainable logistics solutions rather than imposing costly and ineffective mandates.

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## WHY WAS ISR CREATED?

The South Coast Air Quality Management District (SCAQMD) pushed ISR as a workaround because it lacks jurisdiction over trucks, trains, ships, and other mobile sources. Instead, it targeted warehouses and logistics hubs, which it can regulate, to indirectly influence truck traffic. This backdoor approach does little to cut emissions and instead raises costs, disrupts supply chains. Strangely, some other states and cities are now considering this failed model—even though they have direct authority to regulate trucks themselves.

## THE SCF PERSPECTIVE

The Supply Chain Federation is committed to advocating for smart, effective policies that reduce emissions without harming businesses, workers, and consumers. Indirect Source Rules do not solve the problem—they create new ones.

Policymakers must reject ISRs in favor of real, common-sense solutions that balance environmental progress with economic sustainability.

For more information, visit [supplychainfederation.com](https://supplychainfederation.com).