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May 10, 2022

The Honorable Maria Cantwell
Chairwoman
The Honorable Roger F. Wicker
Ranking Member
Committee on Commerce, Science, and Transportation
United States Senate

The Honorable Frank Pallone, Jr.
Chairman
The Honorable Cathy McMorris Rodgers
Republican Leader
Committee on Energy and Commerce
House of Representatives

Subject: *Department of Transportation, National Highway Traffic Safety Administration:
Corporate Average Fuel Economy Standards for Model Years 2024–2026 Passenger
Cars and Light Trucks*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Transportation, National Highway Traffic Safety Administration (NHTSA) entitled “Corporate Average Fuel Economy Standards for Model Years 2024–2026 Passenger Cars and Light Trucks” (RIN: 2127-AM34). We received the rule on April 12, 2022. It was published in the *Federal Register* as a final rule on May 2, 2022. 87 Fed. Reg. 25710. The effective date is July 1, 2022.

According to NHTSA, it is finalizing revised fuel economy standards for passenger cars and light trucks for model years (MYs) 2024–2025 that increase at a rate of 8 percent per year, and increase at a rate of 10 percent per year for MY 2026 vehicles. NHTSA stated that it currently projects that the revised standards would require an industry fleet-wide average of roughly 49 miles per gallon in MY 2026, and would reduce average fuel outlays over the lifetimes of affected vehicles that provide consumers hundreds of dollars in net savings. NHTSA also stated that these standards are directly responsive to the agency’s statutory mandate to improve energy conservation and reduce the nation’s energy dependence on foreign sources.

According to NHTSA, this final rule fulfills its obligation to revisit the standards set forth in “The Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021–2026 Passenger Cars and Light Trucks,” as directed by President Biden’s January 20, 2021, Executive Order. Executive Order 13990, *Protecting Public Health and the Environment and Restoring Science To Tackle the Climate Crisis*, 87 Fed. Reg. 7037 (Jan. 21, 2021); 85 Fed. Reg. 40901 (July 8, 2020). NHTSA stated that the revised standards set forth in this final rule are consistent with the policy direction in the Order to, among other things, listen to the science, improve public

health and protect our environment, and to prioritize both environmental justice and the creation of the well-paying union jobs necessary to deliver on these goals.

Enclosed is our assessment of NHTSA's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shari Brewster, Assistant General Counsel, at (202) 512-6398.

A handwritten signature in black ink that reads "Shirley A. Jones". The signature is written in a cursive, flowing style.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Milton E. Cooper
Policy Advisor
Department of Transportation

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF TRANSPORTATION,
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION
ENTITLED
“CORPORATE AVERAGE FUEL ECONOMY STANDARDS
FOR MODEL YEARS 2024–2026 PASSENGER CARS AND LIGHT TRUCKS”
(RIN: 2127-AM34)

(i) Cost-benefit analysis

The Department of Transportation, National Highway Traffic Safety Administration (NHTSA), conducted an economic analysis for this final rule. The analysis simulated the economic impacts of the final rule and several regulatory alternatives on the costs and benefits for consumers, states, society, and the environment. NHTSA’s estimates are presented in tables that show the incremental economic benefits and costs of the final rule and the alternatives for model years 2024–2026 at three percent and seven percent discount rates. NHTSA stated that the tables also note transfers between different economic actors that appear as a benefit for one group and a cost for another. NHTSA also stated that the final rule and the alternatives would increase costs to manufacturers; however, manufacturers are assumed to transfer these costs on to buyers. Lastly, NHTSA stated that manufacturers are excluded from the tables because the analysis assumes that they are left in the same economic position regardless of the standards.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

NHTSA certified that this final rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

NHTSA stated that this final rule will not result in the expenditure by state, local, or tribal governments, in the aggregate, of more than \$153 million annually, (\$100 million, adjusted for inflation), but it will result in the expenditure of that magnitude by vehicle manufacturers and/or their suppliers.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On September 3, 2021, NHTSA published a proposed rule. 86 Fed. Reg. 49602. NHTSA stated that a separate *Federal Register* notification, published on September 14, 2021, announced a virtual public hearing that took place on October 13th and 14th of 2021. 86 Fed. Reg. 51092. According to NHTSA, approximately 77 individuals and organizations signed up to participate in the hearing. NHTSA stated that it received a total of 67,256 form letters, 1,636 individual comments from stakeholder organizations, and 693 attachments in response to the

proposal, for an overall total of 69,585 submissions. NHTSA also stated that discussion and responses to comments are presented throughout the preamble of the final rule.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

NHTSA determined that this final rule contains information collection requirements under the Act. NHTSA stated that the final rule modifies NHTSA's existing information collection request (ICR) for its Corporate Average Fuel Economy (CAFE) program (Office of Management and Budget (OMB) Control Number 2127-0019). NHTSA stated that OMB deferred approval of this ICR and instructed NHTSA to resubmit the ICR with publication of this final rule. NHTSA estimates the total burden of this ICR is 4,861 hours and \$0.

Statutory authorization for the rule

NHTSA promulgated this final rule pursuant to sections 32902, 32903, and 32907 of title 49, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

NHTSA determined that this final rule is economically significant under the Order and submitted it to OMB for review.

Executive Order No. 13132 (Federalism)

NHTSA does not believe that this final rule implicates the Order because it neither imposes substantial direct compliance costs on state, local, or tribal governments, nor does it preempt state law.