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May 3, 2024

The Honorable Thomas R. Carper
Chairman
The Honorable Shelley Moore Capito
Ranking Member
Committee on Environment and Public Works
United States Senate

The Honorable Cathy McMorris Rodgers
Chair
The Honorable Frank Pallone, Jr.
Ranking Member
Committee on Energy and Commerce
House of Representatives

Subject: *Environmental Protection Agency: Multi-Pollutant Emissions Standards for Model Years 2027 and Later Light-Duty and Medium-Duty Vehicles*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Environmental Protection Agency (EPA) entitled “Multi-Pollutant Emissions Standards for Model Years 2027 and Later Light-Duty and Medium-Duty Vehicles” (RIN: 2060-AV49). We received the rule on March 26, 2024. It was published in the *Federal Register* as a final rule on April 18, 2024. 89 Fed. Reg. 27842. The effective date is June 17, 2024.

With this final rule, EPA stated that it is establishing more protective emissions standards for criteria pollutants and greenhouse gases (GHGs) for light-duty vehicles and Class 2b and 3 (“medium-duty”) vehicles that will phase-in over Model Years 2027 through 2032. In addition, EPA stated it is finalizing GHG program revisions in several areas, including off-cycle and air conditioning credits, the treatment of upstream emissions associated with zero-emission vehicles and plug-in hybrid electric vehicles in compliance calculations, medium-duty vehicle incentive multipliers, and vehicle certification and compliance. EPA also stated that it is establishing new standards to control refueling emissions from incomplete medium-duty vehicles, and battery durability and warranty requirements for light-duty and medium-duty electric and plug-in hybrid electric vehicles. EPA further stated it is finalizing minor amendments to update program requirements related to aftermarket fuel conversions, importing vehicles and engines, evaporative emission test procedures, and test fuel specifications for measuring fuel economy.

Enclosed is our assessment of EPA’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 Charlie McKiver, Assistant General Counsel, at (202) 512-5992.

A handwritten signature in black ink that reads "Shirley A. Jones". The signature is written in a cursive style with a large initial 'S' and a distinct 'A'.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
ENVIRONMENTAL PROTECTION AGENCY
ENTITLED
“MULTI-POLLUTANT EMISSIONS STANDARDS
FOR MODEL YEARS 2027 AND LATER LIGHT-DUTY AND MEDIUM-DUTY VEHICLES”
(RIN: 2060-AV49)

(i) Cost-benefit analysis

The Environmental Protection Agency (EPA) conducted an economic analysis of this final rule. EPA considered monetized costs, benefits, and net benefits of the final standards by evaluating vehicle technology and other costs, fueling impacts, non-emissions benefits, greenhouse gas benefits, and criteria benefits. EPA stated that the rule creates large costs savings due to cost increases (principally associated with higher vehicle technology and electric vehicle supply equipment costs) being offset by significantly larger cost savings (principally associated with repair, maintenance, and fuel savings).

EPA estimated that the total benefits of this action far exceed the total costs with the annualized value of monetized net benefits to society estimated at \$99 billion through the year 2055, assuming a 2 percent discount rate. According to EPA, the annualized value of monetized emission benefits is \$85 billion, with \$72 billion of that attributed to climate-related economic benefits from reducing emissions of greenhouse gases that contribute to climate change and the remainder attributed to reduced emissions of criteria pollutants that contribute to ambient concentrations of smaller particulate matter.

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

EPA 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

EPA stated that this final rule contains a federal mandate under the Act that may result in expenditures of \$100 million in 1995 dollars, updated annually for inflation, or more for state, local, and tribal governments, in the aggregate, or the private sector in any one year. EPA stated it prepared a written statement of the costs and benefits associated with this action as required under the Act, which is discussed in the preamble of the rule and chapter 10 of the Regulatory Impact Analysis.

(iv) Agency actions relevant to the Administrative Pay-As-You-Go-Act of 2023, Pub. L. No. 118-5, div. B, title III, 137 Stat 31 (June 3, 2023)

Section 270 of the Administrative Pay-As-You-Go-Act of 2023 amended 5 U.S.C. § 801(a)(2)(A) to require GAO to assess agency compliance with the Act, which establishes requirements for administrative actions that affect direct spending, in GAO’s major rule reports. In guidance to

Executive Branch agencies, issued on September 1, 2023, the Office of Management and Budget (OMB) instructed that agencies should include a statement explaining that either: “the Act does not apply to this rule because it does not increase direct spending; the Act does not apply to this rule because it meets one of the Act’s exemptions (and specifying the relevant exemption); the OMB Director granted a waiver of the Act’s requirements pursuant to section 265(a)(1) or (2) of the Act; or the agency has submitted a notice or written opinion to the OMB Director as required by section 263(a) or (b) of the Act” in their submissions of rules to GAO under the Congressional Review Act. OMB, *Memorandum for the Heads of Executive Departments and Agencies*, Subject: Guidance for Implementation of the Administrative Pay-As-You-Go Act of 2023, M-23-21 (Sept. 1, 2023), at 11–12. OMB also states that directives in the memorandum that supplement the requirements in the Act do not apply to proposed rules that have already been submitted to the Office of Information and Regulatory Affairs, however agencies must comply with any applicable requirements of the Act before finalizing such rules.

EPA did not address the Act in this final rule or in its submission to us.

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

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

On May 5, 2023, EPA issued a proposed rule. 88 Fed. Reg. 29184. EPA held three days of virtual public hearings from May 9–11, 2023, and heard from approximately 240 speakers. Additionally, EPA stated that it received more than 250,000 written comments during the public comment period that ended July 5, 2023. EPA further stated that it received comments, data, and analysis from a variety of stakeholders including auto manufacturers, state and local governments, non-governmental organizations, labor organizations, environmental justice groups, suppliers, consumer groups, academics, and others. According to EPA, in developing this final rule, EPA considered comments received during the public comment process, including the public hearings.

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

EPA determined that this final rule contains information collection requirements (ICRs) subject to PRA and stated that the ICRs have been submitted to OMB for approval. EPA stated that the ICR documents have been assigned EPA ICR Number 2750.02. EPA estimated a total annual burden of 40,136 hours associated with the ICR, and a total annual net burden reduction of \$6,212,838, which includes \$6,483,593 annualized capital or operation and maintenance cost savings.

Statutory authorization for the rule

EPA promulgated this final rule pursuant to sections 7401–7675 of title 42, United States Code, and sections 32901–32919q of title 49, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

EPA stated that this final rule is a significant regulatory action as defined under the Order and submitted it to OMB for review.

Executive Order No. 13132 (Federalism)

EPA determined that this final rule does not have federalism implications and will not have substantial direct effects on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government.