



Information Alert

State-Federal Relations Division

Aug. 9, 2021

EPA Proposes New Emissions Standards for Motor Vehicles

The U.S. Environmental Protection Agency (EPA) [proposed](#) new greenhouse gas (GHG) emission standards for light-duty motor vehicles. Specifically, the proposal would set new, more stringent GHG standards for passenger cars and light trucks for vehicles through model year (MY) 2023-2026 that will result in greater fuel efficiency. The comment period closes Sept. 27, 2021.

The EPA's proposal is in response to an [executive order](#) from the president earlier this year that directed the agency to consider whether to propose, suspend, revise or rescind [the 2020 standards](#) finalized by the previous administration that allowed for a significant increase in vehicle emissions. The new proposal also represents the first step in reaching the president's goal of 50% of all new vehicle sales by 2030 being zero-emissions vehicles, as he outlined in a separate [executive order](#).

Although the EPA is tasked with regulating tailpipe greenhouse gas emissions from vehicles, it is actually the National Highway and Transportation Safety Administration (NHTSA) that has jurisdiction in promulgating Corporate Average Fuel Economy (CAFE) standards. This rulemaking from the EPA proposes more stringent emission standards than the SAFE rule standards for the model years outlined above—requiring a 10% year-over-year stringency increase in MY 2023, followed by a 5% increase in each MY 2024-2026. The increased stringencies are expected to result in 52 miles-per-gallon (MPG) by 2026 when NHTSA issues its proposal. The EPA has also included several flexibilities to incentivize the production and sale of vehicles with zero and near-zero emissions technology in aims of reducing compliance costs.

As background, in 2012 under former President Barack Obama, the EPA and NHTSA [finalized](#) a rule outlining both CAFE and GHG emission standards for light-duty vehicles for MYs 2017-2025 establishing targets to increase GHG standards and fuel efficiency for new light-duty vehicles from 35.5 MPG in 2016 to 54.5 by MY 2025. Additionally, as part of the 2012

rulemaking, the EPA was required to conduct a midterm evaluation (MTE) of the standards for MYs 2022-2025. In January 2017, ahead of the MTE's April 2018 deadline, and just prior to President Donald J. Trump taking office, the EPA [issued its final midterm determination](#), which maintained the standards set forth in the initial rule.

In August 2017, under the Trump administration, the EPA [formally](#) began the process of reconsidering this final determination. In August 2018, the agency issued a proposed rulemaking requesting comments on [various options to amend the existing standards](#), including a “preferred scenario” that would have frozen fuel economy standards at 2020 levels for vehicle MYs 2021-2027 at an average of 37 MPG as well as revoke California’s Clean Air Act (CAA) Section 209 waiver. This waiver allowed the state to impose more stringent GHG emission standards than federal ones—but based on the 2012 final rule, California and the federal government had been enforcing the same standards and the state’s standards weren’t more stringent at that time. The EPA then formally revoked California’s CAA waiver in 2019 under the [One National Program rule](#), which immediately sparked litigation that is currently ongoing.

In 2020, NHTSA and the EPA [issued](#) GHG emission and CAFE standards for light-duty motor vehicles only requiring automakers to increase the fuel efficiency of vehicles by 1.5% a year through 2026, a reduction from the 5% annual increases that had been required under the previous 2012 rule. In January 2021, at the start of the current administration, President Joe Biden ordered a review of both the rulemaking and the revocation of California’s waiver under EO 13990. In April 2021, the EPA [announced](#) the solicitation of comments on the revocation of California’s waiver to enact more stringent GHG emission standards, which was initially issued in 2013. With the EPA’s most recent action, NCSL staff will be watching to see if the agency restores the waiver.

For any further questions surrounding the announcement, please contact NCSL staff [Kristen Hildreth](#), 202-624-3597, or [Ben Husch](#), 202-624-7779.