

Info Alert

National Conference of State Legislatures Office of State-Federal Relations

Feb. 18, 2014

President Announces New Fuel Efficiency Standards for Medium and Heavy Duty Vehicles

On Feb. 18, President Obama [directed](#) the Environmental Protection Agency and the Department of Transportation's National Highway Traffic Safety Administration (NHTSA) to develop new fuel economy standards for medium- and heavy-duty vehicle fuel efficiency and greenhouse gas standards by March 2016. Under this timeline, the agencies would be expected to issue a proposed rulemaking by March 2015 that would then be finalized in 2016. These new standards and would take effect following the current round of standards that were developed in 2011 and affect model years 2014 through 2018. The current standards are estimated to save 530 million barrels of oil and reduce greenhouse gas emissions by about 270 million metric tons as well as save vehicle owners and operators approximately \$50 billion in fuel costs.

Heavy-duty vehicles represent the second-largest source of carbon emissions in the transportation sector. This is behind only passenger cars and light trucks, which were recipient of [new fuel efficiency standards in August 2012](#) that aimed to increase vehicle efficiency to the equivalent of 54.5 miles per gallon (mpg) by the 2025 model year. Increasing the efficiency of medium-and heavy-duty vehicles is another aspect of the President's Climate Action Plan to reduce carbon emissions, which has previously involved [proposed rules regarding power plant emissions](#) as well as an [executive order](#) to increase energy efficiency.

While fuel efficiency would reduce emissions, the resulting decline in gasoline usage would also reduce the amount of revenue being brought in by the Highway Trust Fund (HTF). Such reductions could further affect the long term solvency of the HTF. Last month the Department of Transportation [reported](#) that the highway account within the trust fund is currently forecasted to have a negative balance in late August/early September, possibly resulting in delayed payments to states. Additionally, on February 7, the Congressional Budget Office [released projections](#) that maintaining current highway and transit spending levels may exceed revenues collected by \$172 billion through FY 2024.

As always, if you have any questions or concerns regarding the announcement please do not hesitate to contact NCSL staff [Ben Husch](#) (202-624-7779) or [Melanie Condon](#) (202-624-3597).