



441 G St. N.W.
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B-336469

July 9, 2024

The Honorable Maria Cantwell
Chair
The Honorable Ted Cruz
Ranking Member
Committee on Commerce, Science, and Transportation
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: *Department of Transportation, National Highway Traffic Safety Administration: Corporate Average Fuel Economy Standards for Passenger Cars and Light Trucks for Model Years 2027 and Beyond and Fuel Efficiency Standards for Heavy-Duty Pickup Trucks and Vans for Model Years 2030 and Beyond*

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 Passenger Cars and Light Trucks for Model Years 2027 and Beyond and Fuel Efficiency Standards for Heavy-Duty Pickup Trucks and Vans for Model Years 2030 and Beyond” (RIN: 2127-AM55). We received the rule on June 7, 2024. It was published in the *Federal Register* as a final rule on June 24, 2024. 89 Fed. Reg. 52540. The effective date of the rule is August 23, 2024.

According to NHTSA, this final rule finalizes Corporate Average Fuel Economy (CAFE) standards for passenger cars and light trucks that increase at a rate of 2 percent per year for passenger cars in model years 2027–2031, 0 percent per year for light trucks in model years 2027–2028, and 2 percent per year for light trucks in model years 2029–2031. NHTSA stated that the rule also finalizes fuel efficiency standards for heavy-duty pickup trucks and vans (HDPUVs) for model years 2030–2032 that increase at a rate of 10 percent per year and model years 2033–2035 that increase at a rate of 8 percent per year.

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 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 'J'.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Milton E. Cooper
Director, Rulemaking Operations
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 PASSENGER CARS
AND LIGHT TRUCKS FOR MODEL YEARS 2027 AND BEYOND
AND FUEL EFFICIENCY STANDARDS FOR HEAVY-DUTY PICKUP TRUCKS
AND VANS FOR MODEL YEARS 2030 AND BEYOND”
(RIN: 2127-AM55)

(i) Cost-benefit analysis

The Department of Transportation, National Highway Traffic Safety Administration (NHTSA) prepared a Final Regulatory Impact Analysis for this final rule. NHTSA discussed the rule's costs and benefits as well as certain unquantified effects. For passenger cars and light trucks, NHTSA estimated aggregate net benefits of \$35.2 billion, using a 2 percent discount rate for the Social Cost of Greenhouse Gases (SC-GHG) and a 3 percent discount rate for all other benefits and costs, and \$30.8 billion, using a 2 percent discount rate for SC-GHG and a 7 percent discount rate for all other benefits and costs. For heavy-duty pickups and vans (HDPUVs), NHTSA estimated aggregate net benefits of \$13.6 billion, using a 2 percent discount rate for SC-GHG and a 3 percent discount rate for all other benefits and costs, and \$11.8 billion, using a 2 percent discount rate for SC-GHG and a 7 percent discount rate for all other benefits and costs.

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

The head of 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 determined that this final rule will not result in the expenditure by state, local, or tribal governments, in the aggregate, of \$100 million or more, adjusted annually for inflation, in any one year, but determined that the rule will result in the expenditure of that magnitude by the private sector, specifically vehicle manufacturers and/or their suppliers. NHTSA stated that it considered a range of alternative fuel economy and fuel efficiency standards and concluded that the selected alternatives are the maximum feasible alternatives that achieve the objectives of the rulemaking, as required by the Energy Policy and Conservation Act, Public Law 94-163 (Dec. 22, 1975) and the Energy Independence and Security Act of 2007, Public Law 110-140 (Dec. 19, 2007).

(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.

NHTSA did not discuss 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 August 17, 2023, NHTSA published a proposed rule. 88 Fed. Reg. 56128. NHTSA also held a virtual public hearing on September 28, 2023. NHTSA received a total of 63,098 comments from individuals and stakeholder organizations, including 2,269 comments submitted as part of the public hearing. NHTSA also received 17 comments on the Environmental Impact Statement (EIS) scoping notice and five comments on the Draft EIS. NHTSA responded to comments in this final rule.

In addition, NHTSA made technical amendments to its regulations in this final rule that were not included in the proposed rule. NHTSA stated that while the Administrative Procedure Act (APA) generally requires agencies to provide public notice and an opportunity to comment on rulemakings, APA includes an exception when the agency finds for good cause that notice and public procedure thereon are impractical, unnecessary, or contrary to the public interest. NHTSA stated that because the relevant changes involved only minor, technical amendments, it determined that notice and comment were unnecessary.

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

NHTSA stated that this final rule implements changes that relate to information collections subject to the Act, specifically “Corporate Average Fuel Economy Reporting” (OMB Control Number 2127-0019), but the changes are not expected to substantially or materially modify the information collections nor increase the burden associated with the information collections.

Statutory authorization for the rule

NHTSA promulgated this final rule pursuant to sections 30101, 32901–32903, and 32907 of title 49, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

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

Executive Order No. 13132 (Federalism)

NHTSA determined that this final rule does not have federalism implications because it neither imposes substantial direct compliance costs on state, local, or tribal governments, nor does it preempt state law. NHTSA stated that it nevertheless complied with the Order's requirements and consulted with the California Air Resources Board in developing a number of elements of the rule.