



National Automobile Dealers Association



SUPPORT A BALANCED APPROACH TO NATIONAL FUEL ECONOMY STANDARDS Preserve the Austria Amendment to FY12 Interior and Environment Appropriations Bill

Issue

The Administration's fuel economy regime is structurally flawed and does not balance consideration of job loss, consumer choice and vehicle affordability when setting a fuel economy standard. EPA and the California Air Resources Board (CARB) are drafting the next round of national fuel economy rules three years early without direct authorization from Congress. While certain automakers have agreed "in principle" to raise the fuel economy standard to 54.5 mpg, the actual rule has not been written, or even subject to public comment. Since the cumulative effect of the Administration's approach, on average, will cost consumers over \$3,000 per vehicle, more scrutiny is necessary. The Austria Amendment would ensure the impact of fuel economy rules on job loss, consumer choice, and increased vehicle costs are properly evaluated to protect jobs and consumers.

Background

In 2007, Congress directed NHTSA to increase fuel economy by 40 percent under the CAFE program. However, under the guise of a "National Program", in 2009 the Obama Administration added two new regulators, EPA and CARB, to regulate fuel economy. Currently **three** regulators write three different fuel economy rules pursuant to three different laws. The Administration has already set a 35.5 mpg standard by MY 2016 that would reduce greenhouse gas emissions by 960 million metric tons and save 1.8 billion barrels of oil. *The auto industry has committed to meet this standard at a cost of \$51.7 billion.*

EPA and California regulators are attempting to bypass Congress again and are expected to propose a 54.5 mpg fuel economy standard this fall for MY 2017-25 vehicles. If adopted, by 2025, the Obama Administration's fuel economy/global warming vehicle mandates will result in higher vehicle prices (over \$3,000 on average).

NADA supports the Austria Amendment for MY 2017 and later to: (1) allow NHTSA to continue to regulate fuel economy according to the program Congress established; (2) bar EPA from spending funds on new duplicative fuel economy rules; and (3) prevent California from dictating national fuel economy rules, while *not impacting any California emissions rules relating to criteria pollutants or smog.*

Key Points

- **Unless NHTSA is the sole fuel economy regulator, increased costs will hurt consumers, depress new car sales, and risk jobs.** Because EPA and CARB do not balance job loss or consumer demand when setting a fuel economy standard, the new rules and their excessive costs will lower car sales, increase unemployment, and hurt some consumers' ability to qualify for a new vehicle loan.
- **Since the rules for MY 2017 and later do not need to be written for three more years, this amendment provides a "time out" while keeping fuel economy standards already on the books (including California's) for MY 2012-2016.** The auto industry is just starting to absorb last year's \$51.7 billion rule – *the most expensive auto regulation ever mandated.*
- **The Amendment prevents duplicative fuel economy rules.** NHTSA can continue to write fuel economy rules, but EPA cannot continue to waste millions in taxpayer funds on redundant fuel economy rules.

Status

In July, the House Appropriations Committee adopted the Austria Amendment to H.R. 2584 (FY12 Interior and Environment Appropriations bill, Sec. 453) by a vote of 27-20. In April, the House passed a permanent prohibition on EPA and California redundantly regulating fuel economy as part of H.R. 910 by a vote of 255-172.

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