

Opening Statement of the Honorable John Shimkus
Subcommittees on Environment and Digital Commerce and Consumer
Protection
Hearing on “Update on the Corporate Average Fuel Economy Program
(CAFE) and Greenhouse Gas Emissions Standards for Motor Vehicles”
December 12, 2017

(As prepared for delivery)

One of the costliest energy and environmental regulations from the Obama administration is the one we will address today that targets fuel efficiency and greenhouse gas emissions from cars and light trucks. EPA estimated total costs in excess of \$200 billion dollars by 2025, much of which will show up in the form of higher sticker prices for new vehicles. And although the agency claims offsetting consumer savings from lower fuel costs, we now know that this was based on inaccurate projections of rising gas prices as well as other assumptions that are proving to be off the mark. It is time to review these rules to see if they are a good deal for consumers and whether they can be improved upon.

Fortunately, the regulations contained just such a review – the so-called Mid-Term Evaluation. The regulations were finalized in 2012 and included progressively stricter standards all the way out to 2025- more than a decade into the future. For this reason, it was decided to revisit the standards mid-way through the process to see if the standards for Model Years 2022-2025 need to be adjusted in light of changed circumstances. In 2016 EPA commenced its Mid-Term Evaluation and was poised to make a final determination by April of 2018.

But after the elections, EPA accelerated its timeline and rushed the final determination out the door last January. This determination concluded that the standards are fine as they are and don't need to be changed.

The good news is that Administrator Pruitt found this process to be completely unacceptable and has reopened the Mid-Term Evaluation with the original deadline of April of 2018, after which the agency may proceed to a rulemaking to change the targets for 2022-2025.

Part of this hearing is to get input from those who make cars and trucks as well as those who sell them about their contributions to the Mid-Term Evaluation and what they would like to see come out of this process.

The stakes are high for auto makers and auto dealers, but they are higher still for consumers. The average price of a new vehicle has risen to \$35,000 in 2017, and these regulations are a contributor to the increase. EPA estimated cumulative price increases of nearly \$3,000 per vehicle by 2025, and the real number may prove to be higher.

Worst of all, the biggest sticker shock may be on the vehicles that matter most to Middle America. Granted, a Toyota Prius or a SmartCar may be fine for some people, but many of my constituents need family-sized vehicles or pickup trucks for work, and its these larger vehicles that may take the biggest hit. We need to make sure that the future targets under this program maintain vehicle choice and affordability.

In addition to the Mid-Term Evaluation, we also need to evaluate whether we have a uniform set of rules for the nation. Recall that since the 1970s the National Highway Traffic Safety Administration (NHTSA) had exclusive authority to set vehicle fuel economy standards, but the Obama administration decided that EPA and the California Air Resources Board should do so as well. So now we have three agencies all regulating the same thing and not surprisingly there are discrepancies emerging. Looking ahead, we need to ask whether we still want three agencies involved in fuel economy and why we gave California so much more power than any other state.

In conclusion, it all comes down to what is best for the consumer. Vehicle purchases are second only to home purchases in terms of their consumer impact, and I hope this hearing helps us strengthen our understanding of what we need to do to make these regulations as consumer-friendly as possible. Thank You