



Legislative & Regulatory Action Center

REGULATORY ALERT

January 26, 2009

PRESIDENT OBAMA ALLOWS STATES TO ADOPT TAILPIPE EMISSION AND MILEAGE STANDARDS

DEVELOPMENT:

President Barack Obama today signed Executive Orders directing the EPA to move swiftly on a request by California and 13 other states to waive restrictions in the Federal Clean Air Act preventing them from setting strict automobile emissions and fuel efficiency standards. Once the Executive Orders are made available, we will review them for any additional information of interest and update members.

BACKGROUND:

The Bush administration had denied the California waiver in late 2007, saying it would result in a state-by-state patchwork of clean air standards that would be unenforceable and costly.

ACTION:

The waiver will almost certainly increase the number of boutique fuels that are already required nationwide, further eroding the fungibility of gasoline. The waiver would allow California to implement legislation it passed in 2002 requiring automobile manufacturers to dramatically reduce greenhouse emissions from tailpipe exhaust by 2016. The California Air Resources Board estimates the legislation would cut greenhouse gas emissions from passenger vehicles by 18 percent by 2020, and 27 percent by 2030. The 13 states that have adopted California's standards (but could not enforce them until the waiver was signed) include Arizona, Connecticut, Maine, Maryland, Massachusetts, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, Vermont and Washington. Other states, including Florida, Iowa, North Carolina, and Utah are considering adoption of the program.

COMPLIANCE:

Automobile manufacturers will quickly have to retool in order to begin producing and selling cars and trucks that get higher mileage than the national standard (27.5mpg for passenger cars, 20.7mpg for light trucks), and on a faster phase-in schedule. In addition to giving the green light for the Clean Air Act waivers, Obama announced that he is moving forward with nationwide regulations requiring the automobile industry to increase fuel efficiency standards to 35 mpg by 2020 in order to comply with a law signed by President Bush in 2007 but which the former President decided at the last minute not to issue.

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