New Fuel Efficiency and Electric Vehicle Standards Fact Sheet

On August 5, 2021, the Biden Administration released its vision for the next decade of decarbonization in the transportation sector. The President’s Executive Order sets a target that half of all vehicles sold by 2030 be electric. In addition, the EPA released its Proposed 2023-2026 MY Standards, which increase the stringency of GHG emissions standards for passenger cars and light trucks by 10% in MY 2023, as compared to MY 2022, and by 5% each year from MY 2024-2026.

Wins for the American People:

The Administration’s announcement is a significant first step in reducing transportation sector emissions, which account for 29% of total US greenhouse gas emissions. Specifically, it will:

- Reduce greenhouse gas emissions from new passenger vehicles by 60% in 2030 and reduce total CO2 emissions by 2.2 billion tons through 2050.
- Save the average American consumer $900 in fuel savings over the life of their vehicle, culminating in $120-250 billion in total fuel cost savings through 2050.
- Realize $3.3-8 billion in public health savings from reduced emissions of tailpipe pollutants associated with adverse health outcomes.

Areas for Improvement:

Relying on voluntary pledges by automotive companies is too uncertain given the urgency of the climate crisis. Additionally, the EPA’s proposed rulemaking includes compliance flexibilities for automakers that threaten to undershoot binding fuel efficiency targets. The Biden Administration should:

- Instate a mandatory 60% increase in EV sales by 2030 and require an all electric passenger vehicle fleet by 2035, heeding the call of environmental justice advocates.
- Amend its rulemaking to eliminate multiplier credits that are unnecessary in today’s EV market and strengthen regulations for off-cycle credits, which threaten to undermine real-world emissions reductions.

A Critical Moment for Environmental Justice:

The transition to an EV marketplace presents an historic opportunity to redress the pollution and energy cost burdens that have disproportionately harmed low-income communities and communities of color. Structural disparities in vehicle emissions exposure continue to drive disproportionate rates of premature death in communities of color with low-income car owners paying five times more on fuel costs as a percentage of their income compared to high-income earners. While the Administration’s announcement will reduce emissions and fuel costs on the national scale, the following actions are necessary to ensure that historically disadvantaged communities are not left behind:
**Equity Action Items:**

1. Distribute EV charging stations equitably through **tax incentives** that promote their construction in communities of color, multi-family homes, and LMI census tracts.
2. Pass the **Affordable EVs for Working Families Act** to create **new financing incentives** for used EVs that broaden EV access to LMI consumers. In addition, offer special purchase incentives for ride-share drivers, who are predominantly **low-income** and **people of color**.
3. Pass the **Clean Energy for America Act** to raise EV consumer tax credits and strengthen investment tax credits for manufacturers who retool or build new facilities to produce clean energy technologies.

To get involved, the Administration’s Proposed Rule is open to **public comment** until September 27, 2021, and the EPA will hold a **virtual public hearing** on August 25, 2021.