The subcommittees met, pursuant to call, at 10:02 a.m., in Room 2123 Rayburn House Office Building, Hons. Janice Schakowsky and Paul Tonko [chairmen of the subcommittees] presiding.

Staff present: Jeff Carroll, Staff Director; Jacqueline Cohen, Chief Environment Counsel; Adam Fischer, Policy Analyst; Lisa Goldman, Counsel; Waverly Gordon, Deputy Chief Counsel; Daniel Greene, Professional Staff Member; Tiffany Guarascio, Deputy Staff Director; Omar Guzman-Toro, Policy Analyst; Caitlin Haberman, Professional Staff Member; Alex Hoehn-Saric, Chief Counsel, C&T; Zach Kahan, Outreach and Member Service Coordinator; Rick Kessler, Senior Advisor and Staff Directory, Energy and Environment; Brendan Larkin, Policy Coordinator; Dustin Maghamfar, Air and Climate Counsel; Jon Monger, Counsel; Elysa Montfort, Press Secretary; Joe Orlando, Staff Assistant; Kaitlyn Peel, Digital Director; Alivia Roberts, Press Assistant; Tim Robinson, Chief Counsel; Chloe Rodriguez, Policy Analyst; Nikki Roy, Policy Coordinator; Andrew Souvall, Director of Communications, Outreach and Member Services; Benjamin Tabor, Staff Assistant; Sydney Terry, Policy Coordinator; Jennifer
Barblan, Minority Chief Counsel, O&I; Mike Bloomquist, Minority Staff Director; S.K. Bowen, Press Assistant; Jerry Couri, Minority Deputy Chief Counsel, Environment & Climate Change; Jordan Davis, Minority Senior Advisor; Justin Discigil, Press Secretary; Margaret Tucker Fogarty, Minority Staff Assistant; Melissa Froelich, Minority Chief Counsel, CPAC; Theresa Gambo, Minority Human Resources/Office Administrator; Peter Kielty, Minority General Counsel; Bijan Koohmariae, Minority Counsel, CPAC; Mary Martin, Minority Chief Counsel, Energy & Environment & Climate Change; Brandon Mooney, Minority Deputy Chief Counsel, Energy; Brannon Rains, Minority Staff Assistant; Zach Roday, Minority Communications Director; and Peter Spencer, Minority Senior Professional Staff Member, Environment & Climate Change.
Ms. Schakowsky. The joint hearing of the Subcommittee on Consumer Protection and Commerce and the Subcommittee on Environment and Climate Change will now come to order.

It is a pleasure to have this joint hearing with Chairman Tonko and ranking Republican, Mr. Shimkus, together, and it is a pleasure, of course, always to be with my ranking member Mrs. McMorris Rodgers.

And I will begin with an opening statement and so I recognize myself for 5 minutes.

So I want to begin by thanking our witnesses for being here with us today. We appreciate it very much.

Today's hearing is about the Trump administration's proposed rollback of fuel economy and greenhouse gas standards for cars and light-duty trucks.

In 2007, Congress directed the National Highway Traffic Safety Administration, NHTSA, to strengthen Corporate Average Fuel Economy, that is, CAFE standards for cars and light trucks, with the goal, at that time, of reducing U.S. dependency on imported oil by improving fuel efficiency.

These standards have been a resounding success. Consumers have saved nearly $85 billion in fuel costs and the Clean Car industry supports nearly 288,000 jobs.

But just 2 months ago -- but just 2 months after the Obama administration determined to continue improving CAFE
standards through model year 2025, the Trump administration announced a change in course. In August 2018, EPA and NHTSA released a notice of proposed rulemaking known as the Safer Affordable Fuel Efficiency, SAFE vehicle rule, freezing that standard at model year 2020 levels. Few proposals have been more blatantly misnamed than this.

The SAFE vehicle rule is not safer. While the EPA and NHTSA claimed that the rule would reduce vehicle fatalities, independent analyses and even career EPA staff dispute the findings, and have said that the rule would actually result in more deaths.

The rule is not affordable, that is the A. Hardworking families are projected to spend an additional $3,300 on gas over the life of their vehicles. And according to the EPA and NHTSA's own conclusions, the rule would eliminate 60,000 jobs in the United States automobile industry. Rolling back Clean Car standards will damage the economy and put people out of work which, by the way, will make it harder for them to buy cars.

The rule is not more fuel efficient. That is the F in SAFE. Again, EPA and NHTSA's own analysis estimates that the rule will dramatically increase air pollution and increase fuel consumption by nearly 80 billion gallons. The fact that the Trump administration now seeks to dismiss policies that
would reduce these emissions and make our environment cleaner is inexcusable.

Climate change is the existential crisis of our time and in 2018, 1 year of the Trump administration's policies, CO2 emissions have jumped 2.6 percent, going in the wrong direction in the United States. The administration should abandon this proposal and end their assault on consumers, the environment, and safety.

So I thank you and now I will yield the rest of my time to Congresswoman Matsui.

Ms. Matsui. Thank you, Madam Chair.

I want to thank you all for calling this important hearing on the Trump administration's reckless efforts to roll back auto fuel and Clean Air standards. Let's be clear. The Trump administration's actions hurt consumers, degrade our air quality, and contribute to climate change.

This is also about America leadership. For decades, California has led the way in developing the gold standard for emissions. In my home state, we have long-recognized the need for action. This has been particularly true under the exceptional leadership of Mary Nichols, Chair of the California Air Resources Board. As a key regulator and negotiator on climate change and air quality, Mary is an obvious choice for this hearing.
We should hear all perspectives side-by-side but that will not be the case today. Mr. Wehrum and Ms. King have denied us that opportunity by refusing to testify in the same panel. If EPA and NHTSA are so confident this rule is safer and better for our country, I think they would welcome the opportunity to testify alongside Ms. Nichols. Instead, when confronted by experts and science, the Trump administration recoils and retreats, instead of defending their so-called SAFE vehicles rule, a disaster for our country. That is why we need to pass my bill, H.R. 978, the Clean and Efficient Cars Act, which reversed the Trump administration's attacks on forward-looking fuel efficiency and emissions standards, restoring Obama-era rules that protect consumers, the environment, and our public health.

I am pleased to enjoy broad support on the Energy and Commerce Committee. With 24 members supporting the measure, I am hopeful we can move this bill forward. We owe it to the people we serve to ask the tough questions and shine a light on this disastrous rule.

It is my sincere hope that we get the answers about why the administration is putting our economy, health, and future at risk. And I yield back.

Ms. Schakowsky. And I yield back my time.

And the chair now recognizes Mrs. Rodgers, ranking
Mrs. McMorris Rodgers. Good morning, everyone. Good morning Madam Chair. I appreciate everyone being here today to discuss our Nation's fuel economy standards.

In 1975, Congress established the Corporate Average Fuel Economy Program, or the CAFE Program, to be administered by the National Highway Traffic Safety Administration, NHTSA. The goal of this program was to improve fuel economy, our vehicle fuel economy, reduce oil consumption, and secure the Nation's energy independence. At the time, Congress made clear that fuel economy should be regulated solely at the Federal level to achieve uniformity and to avoid a patchwork of different State laws regulating the same issue differently.

Unfortunately, several forces have created an opposite effect -- multiple conflicting programs undercutting the goals of the original program.

When Congress established the CAFE program, the Environmental Protection Agency began regulating greenhouse gas emissions from new motor vehicles. On top of NHTSA and EPA programs, California has set a separate tailpipe emissions limits and a zero-emission vehicle mandate, both of which impact fuel economy, the auto industry, and consumers.

Nine other States have followed California to include a zero-
emissions vehicle mandate. These mandates require automakers
to produce a certain number of these vehicles, regardless of
consumer demand, new technology, or the free market.

Ten years ago, to address the regulatory overload, the
Obama administration announced a national fuel efficiency
policy known as the One National Program. The One National
Program was intended to establish a consistent national
standard across NHTSA, EPA, and California. There were many
assumptions made by the Federal Government, the States, and
the industry 10 years ago that were set to be revisited
during the midterm review process.

The assumptions they made haven't held up the test of
time; assumptions like gas prices rising to $3, $4, and $5
per gallon, people buying more cars than trucks, and that
electric vehicles would become more popular. Well, here is
the reality today. Gas prices have stabilized. People want
larger vehicles and dealers are still having trouble selling
hybrid vehicles. In my district, 83 percent of the vehicles
sold in 2018 were crossovers, SUVs, trucks, and vans. My
constituents are choosing internal combustion engines; 99
percent of the registered vehicles in eastern Washington are
gas- or diesel-powered. This is when they have more hybrid
and electric options than ever before.

On top of that, just days before President Trump's
inauguration, the Obama EPA issued its final determination, days before the inauguration, and that was for 2022 to 2025, without consulting NHTSA, despite that being a requirement under the One National Program.

So here we are, 10 years later. There is no uniformity. And rather than invest in R&D and consumer education, the car industry is paying massive fines or trying to figure out how to avoid them. There must be a new and better way forward.

I am encouraged to see NHTSA and EPA working together for a true national standard that looks at the facts and the decisions people make when they buy a new car. The uncertainty in this space is hurting the market, threatening jobs and affordable prices for workers and families. The agencies expect the SAFE vehicles rule to save up to a thousand lives annually, create $2,300 in savings for people when they buy a new car, and create $500 billion in cost-savings for the U.S. economy.

In eastern Washington, the average vehicle on the road is 15 years old, almost 4 years above the national average. By reducing the average cost of new vehicles, people who currently stay in their older, less-safe vehicles will be able to afford newer vehicles with technological advancements that save lives. I would like one myself. For their sake, I
look forward to the productive conversation this morning about the current situation and what the path looks like forward so that we will have safer roads, newer vehicles, a cleaner environment, and more jobs.

So thank you also to our second panel and particularly for the witnesses who traveled to join us today for this important discussion.

And I yield back.

Ms. Schakowsky. The gentlewoman yields back and the chair now recognizes Mr. Tonko, who is the chair of the Subcommittee on Environment and Climate Change, for 5 minutes.

Mr. Tonko. Thank you, Madam Chair, and thank you for the opportunity to co-host this hearing, which is very important.

Today we examine the Trump administration's proposal to freeze fuel economy standards at model year 2020 levels for years 2021 through 2026. This action would have lasting negative consequences for the American auto industry that needs certainty to compete and for consumers, who will pay more at the pump. This proposal will undermine American jobs throughout the auto supply change. As we stand still, other nations will continue to race forward to develop the next generation of innovative vehicle technologies, ensuring that
future investments will be made overseas, where markets for
such products continue to grow.

NHTSA own analysis suggests thousands of United States' jobs may be lost, as a result of this rule. In fact, a large group of automakers has now registered opposition to this totally misguided proposal. While it is clear that this course of action will unnecessarily harm consumers and industry, it will also compromise our public health and the environment.

EPA's tailpipe standards are the most important Federal climate policy currently on the books. This proposal takes us even farther backwards on climate and will increase oil consumption and U.S. CO2 emissions significantly. Transportation is the largest contributor of domestic greenhouse gas emissions and light-duty vehicles account for nearly 60 percent of that sector's emissions.

This proposed rollback ignores climate science and the evidence of the devastation already flooding and burning our communities. It is reckless climate denial of a kind we can no longer afford. These standards are not only important for climate action, they also reduce conventional air pollution.

New York State adopted California's ZEV standards in the early 1990s, long before climate was the urgent priority we understand it to be today. This was done to improve poor air
quality, which impacts disadvantaged communities first and foremost. States are investing hundreds of millions of dollars in incentives and infrastructure to achieve air pollution reduction targets, including important climate goals, and California standards are a critical part of that effort.

Unfortunately, instead of upholding its mission of environmental protection, EPA seems eager to tie the hands of States that are working to deal with this pollution impact. Over and over we have heard this administration pay lip service to cooperative federalism. Apparently, that only applies to States pursuing deregulation. I was dismayed that the administration threatened to pull its participation in this hearing if seated on the same panel with their State partner. Like the rule itself, this behavior is bizarre.

This administration has a responsibility to recognize California as a partner and co-regulator in this process. I am pleased that we have Mary Nichols on the second panel, and we are grateful to have her here, and very interested in hearing her perspective on this issue.

This EPA may not want California to be able to set its own standards but, if they do, not like the current process, they need to submit a proposal to Congress to amend the Clean Air Act because, on this matter, the law is clear:
California has the right to seek waivers; EPA is required to err on the side of granting them; and 177 States are entitled to adopt California's standards.

I would also remind everyone that we did, in fact, have a single national standard before the administration manufactured this crisis. Today we will have many questions on the development of this rule and its likely outcome, should it move forward. But the overreaching question to our administration witnesses needs to be this: What exactly are you hoping to accomplish? At best, it isn't clear and a reasonable observer would be forgiven for seeing an administration so blinded by contempt for its predecessors and so willing to hurt consumers to support oil companies at any cost that it would defy science and common sense to move forward with the proposal with near universal condemnation from stakeholders.

The administration's proposal is certainly destined for legal challenges but my greater fear is that American consumers, businesses, and the environment, will ultimately suffer the greatest consequences of the uncertainty caused by this reckless rule.

With that, Madam Chair, I yield my remaining time to Representative Dingell

Mrs. Dingell. Thank you, Chairman Tonko.
This hearing today is one of the most important hearings of my congressional career. The health and future of the auto industry matters to everybody in this country. Yet, the industry is more fragile than ever right now and policymakers cannot take its health for granted.

It is also critical for the future of this planet that we have continued reductions in greenhouse gas emissions and improvement in fuel economy, which is why I believe we need all parties to come to the table and cut a deal on standards that increase year-over-year and balance the twin goals of environmental protection and affordability.

And by the way, we shouldn't just be setting standards through 2025. We should be going to 2030 to provide greater certainty and demonstrate global leadership in this critical environmental issue.

I am out of time but I want to say this: We need California at the table. We need One National Program, one set of standards, and I do not believe this administration is dealing in good faith in doing that.

I want to put into the record, Madam Chair, a copy of the letters that the industry is saying that we need to have one set of standards.

[The information follows:]
Mrs. Dingell. And I know that when there is a will, there is a way and I question the administration's sincerity in bringing everyone to the table and hope we can get there. Thank you.

Ms. Schakowsky. The gentleman yields back all of his time.

And now the chair recognizes Mr. Shimkus, ranking Republican on the Subcommittee on Environment and Climate Change.

Mr. Shimkus. Thank you, Madame Chairman. Let's all take some deep breaths.

To my friend from California and New York, and I could be wrong, I thought it was the tradition and the protocol of this committee, going back to Chairman Dingell in his previous time that executive branch witnesses would be on their own panel. So this fury over the CARB witness not being on this panel, I don't get it, unless we are going to throw out 40 years of how we operate on this committee.

So I just think we all need to take a deep breath.

I appreciate that we have called this hearing on this important subject and it goes to the very heart of what we do in this committee, which is the Interstate Commerce Clause. We pride ourselves in going back to the Constitution and one of the few committees that goes back to the Founders. And
what established the unity of this Republic was the interstate commerce clause because we didn't want states going to war with states over taxation. That is why we are in this debate, and that is why we are in this room, and that is why we have such broad jurisdiction.

So this debate about an automobile industry I think is pretty simple. We need to have one market. We want to have one standard and we need to have that set at the Federal level. Now, if some States want to go off and do their own thing, I can appreciate their emotion and their desire but, for the unity of the Republic, that is why we have Energy and Commerce Committee and that is why we have the interstate commerce clause.

We should not have a fractured marketplace driven by policies that cater to urban customers at the expense of customers and what they need in rural areas. I think my colleague from Washington State identified that most.

In the automobile industry, we want to sell vehicles that people want to buy. And in rural America, we like big things. We like big trucks. We like big engines. We like to haul trailers, whether that is to go for recreational use or whether that is to haul horses, and feed, and hay, and all those things that have to happen in rural America.

Finally, we should not have one State or region using
official actions to exert market power in a way that reverberates outside of their own State lines.

I think we should have CAFE economy standards that make sense and have the Supreme Court's mandated Clean Air Act's greenhouse gas efforts be reasonable. They should be informed by science and not be proxies for one another when it is policy-convenient from a practical standpoint but not so much from a legal one. We must be clear-eyed about the impacts on all Americans of a policy because that is what Article I of the Constitution requires us to do.

I tried to do this in the last Congress. I went to the automobile industry and I said, How do we marry the best engine technology with the best fuel mix? And they came and they said we need high compression engines, which means higher octane. And we went into numerous negotiations. Now, that wasn't driven by a State agency or a Federal agency saying you have to do this. This was driven by those people in the marketplace trying to provide a product that consumers would buy. And actually we moved to a point where we had a hearing on that bill before the end of last Congress.

Before I yield back my time, I want to joint my colleagues in welcoming our witnesses, particularly Heidi King, to the committee. I look forward -- Heidi served on the staff here and did terrific work for the committee.
Welcome back.

I look forward to hearing from all of our witnesses here today and I hope that we will have constructive dialogues with one another that avoid political rhetoric and focus on policies that protect consumers, workers, and the environment.

And with that, Madam Chairman, I am going to yield back 17 seconds of my time.

Ms. Schakowsky. Thank you.

The chair now recognizes Mr. Pallone, the chair of the full committee, for 5 minutes for his opening statement.

The Chairman. Thank you, Madam Chair. It is fitting that the committee's first joint hearing of this Congress is being held by the subcommittee on Consumer Protection and Commerce and Environment and Climate Change, since we are here to examine one of this administration's most egregious assaults on American consumers, the U.S. economy and the climate.

Now let me just say you know I love John Shimkus but when I heard him complain about the fact that we were trying to put a State representative on a Federal panel, I would just remind him of a hearing that was held on the Flint Water Crisis on April 13, 2016 was a joint hearing with the Environment and the Economy Subcommittee, which he chaired at
the time, and the Health Subcommittee, and the first panel consisted of two witnesses from the United States Environmental Protection Agency, a witness from the U.S. Department of Health, and then the Director of the Michigan Department of Environmental Quality and the Director of the Michigan Department of Health and Human Services. So I don't know why --

Mr. Shimkus. Would the gentleman yield just to set the record straight?

The Chairman. No, because I am just having fun with you.

Mr. Shimkus. Well the point was, we agreed to that.

The Chairman. I understand. I am just having fun.

Mr. Shimkus. It was career witness. He wasn't a political appointee. He was a career witness.

The Chairman. Well, I can't help myself. Sorry.

All right, the Unified Fuel Economy and Tailpipe Emission Standards adopted during the Obama administration were the result of unprecedented collaboration between EPA, NHTSA, and the State of California. The Clean Car standards included ambitious increases in fuel efficiency and ambitious reductions in greenhouse gas emissions for cars and light trucks. This was an across the board win, benefitting consumers, manufacturing, and the environment. They were our
single most important action taken to combat climate change
and a key part of our commitment to the Paris Agreement.

So naturally, the Trump administration is trying to gut
those standards as part of this reckless anti-climate agenda.
And this harmful proposal comes from the same administration
that insists the Government should not be in the business of
picking winners and losers but this is exactly what this
rollback does. It picks one winner, the oil industry, while
everyone else loses. And that is why yesterday my committee
launched an investigation into a secret social media campaign
run by the oil industry that misled the American people about
this rollback. And we intend to uncover whether the oil
industry coordinated with the administration on this
debon campaign.

After a while, the oil industry will win. American
consumers will lose in the form of less efficient vehicles.
Ultimately, their proposal would increase drivers' spending
at the pump because cars would no longer be required to go
further on a gallon of gasoline. And as fuel economy
standards go down, cost to consumers go up.

American manufacturing will also lose, especially
automakers, parts suppliers, and workers, as the Trump
administration sees America's competitive edge to other
countries that will develop and build the technologies of the
future. And that is why just 2 weeks' ago, 17 automakers called on the Trump administration to abandon its deeply flawed proposed rule and return to the negotiating table. According to the administration's own analysis, rolling back those standards would directly eliminate at least 60,000 jobs and that is just a fraction of the half million jobs that could be lost throughout the automotive supply chain.

And public health and the environment will also lose. The administration readily admits the rule will lead to increased particle pollution and smog-forming sulfur dioxide. The proposal would revoke California's longstanding ability to set more protective vehicle standards, as well as other States' and Territories' ability to adopt those standards.

My home State of New Jersey is one of 13 States, plus the District of Columbia, that follow California's lead to improve air quality, meet Clean Air standards, and improve the health of our communities. And the Trump administration, if it gets its way, will undermine those public health protections.

The driving public will also lose. Independent experts and career professionals within the EPA have found that the Clean Car rollback will actually make our roads less safe, causing more deaths and, at the end of the day, we will all lose because this rule would increase carbon pollution by
more than seven billion metric tons.

If my Republican colleagues are as serious about addressing climate change as they say -- they now say they are, they should oppose this disastrous proposal.

So I just wanted to -- I know that -- I think one of my colleagues wanted some time. Well, I guess that is not true. All right, I will finish.

So the existing Clean Car standards were a victory for consumers, manufacturers, and the environment. They created--they created a single national program for getting more fuel-efficient cars on the road, providing the American auto industry with regulatory certainty, and spurred innovation.

I just wanted to, unfortunately, say that throughout this entire process, EPA and NHTSA have made it clear that collaboration and transparency are not priorities and, as Administrator Wheeler testified before this committee in April, the only offer the Trump administration made to California was this proposed as-is, which would gut the existing standards, and the administration still walked away from the table. That is more of a hold-up than a negotiation. The administration should come back to the negotiating table and work on establishing a meaningful, unified, Clean Car program. And I really hope that that is
what comes out of this, that we see the administration come back to the table and renegotiate.

And with that, I yield back, Madam Chair.

Ms. Schakowsky. The gentleman yields back and now I am happy to recognize Mr. Walden, the ranking member of the full committee for 5 minutes for his opening statement.

Mr. Walden. Good morning, Madam Chairman, and welcome to our witnesses and to folks in the audience as well.

Having chaired the committee the prior 2 years and in talking with Chairman Upton, who was there the prior 6 years, it was the policy of the committee when administration -- of both parties -- that the appointees, such as we have today, were on their own panel and I don't know why that is a big issue today. It has been the protocol and process of the committee in the past and probably will be going forward.

So we are just glad you are here and, hopefully, we can get all that nonsense behind us and get to the real topic because we need to explore the regulation of fuel economy with the National Highway Traffic Safety Administration, the EPA, and stakeholders.

This hearing touches on a prominent point of frustration for a lot of American consumers and that is ineffective duplicative Government programs that increase costs and decrease their choices. Layered on top of consumer concerns
is an unnecessarily complicated regulatory scheme disguised, until recently, as One National Program. What we are talking about are the differing fuel economy programs administered by NHTSA, the EPA, and California. That seems to be three.

As I said last week, it is a mistake to assume that a clean environment or safety and efficiency are incompatible with economic growth and job creation. We can have both. We have proven that time and again. However, to succeed, we need common sense regulations that protect the public without suffocating innovation or failing to consider the practical impact on American consumers and taxpayers. Consumer interests are best served by ensuring our automakers have the freedom to design, manufacture, and deliver products with the features consumers want and can afford, and which are safe and reliable.

So I expect today we will hear about the various goals of the different programs, including the unique circumstances of certain States but I would encourage all of us to refocus on the underlying statutory authority for the National Fuel Economy Program and the facts about the marketplace today.

One fact that I have said time and again is that climate change is real but we need to be focused on innovative and achievable solutions that protect the public, support the economy and jobs, and don't take choices away from American
consumers.

So I look forward to hearing from Attorney General Landry and others on the panel about impact of existing conflicting programs on States outside of California and how costs have been driven up for consumers in those States. In fact, I was telling my colleagues yesterday, over the weekend I attended my niece's graduation from Cal Poly and paid $3.95 for a gallon of gasoline. So for those on the other side worried about the cost of gas, I was in California paying that and that seemed to be about the highest I have ever paid.

While we approach some of these issues from various perspectives, and you are going to hear that today, I believe it is important that regulations for achievable and affordable solutions that are common sense, constitutionally permissible, and work for everyday Americans.

Now in my district, more than 66 percent of registered vehicles are crossover SUVs, pickups, and vans. Less than three-tenths of a percent of vehicles in my district are electric or plug-in hybrid and less than two percent are hybrids, including one that I own. That means more than 98 percent of the vehicles registered in my district are gas- or diesel-powered. We need to be sure to keep in mind the needs of our consumers for those types of vehicles in a rural area.
It is also important to understand how we got here. So in the 1970s, Congress delegated authority to NHTSA for regulating fuel economy with clear statutory requirements in law. The Obama-era EPA decided to get involved and develop their own standards over at the EPA, while also granting California a waiver under the Clean Air Act to allow a third regulator in this space. In 2009, the Obama administration announced this regulatory bottleneck as the One National Program but, unfortunately, the One National Program has not resulted in a single national standard and, today, we are left with a system that does not work for the regulated industry and is based on assumptions we know are faulty.

So believe it or not, under the scheme, it is possible for automakers to be in full compliance with one Federal regulatory standard but be subject to massive penalties under another. This is an example of bureaucracy at its worst and we need to fix it. Government should be working for the people, not creating regulations that increase costs and decrease choices for consumers and create a compliance catch-22.

Per the comments made by the -- the commitments made by the Obama administration, NHTSA and EPA were supposed to jointly issue respective determinations on standards for model years 2022 through 2025 in the spring of 2018.
However, the Obama EPA abandoned its commitment, rushed through its final determination without coordinating with NHTSA or taking input from stakeholders in a meaningful way just 7 days -- 7 days before the Trump administration was sworn into office.

To the Trump administration's credit, they are refocusing on the pre-2016 election commitments made under the prior administration, setting one national standard. And last August, NHTSA and EPA jointly issued a notice of proposed rulemaking for the Safer Affordable Fuel Efficiency Vehicle Rule or SAFE Rule, which seeks to unify and amend the Federal standards for model years 2021 through 2026.

So today we are going to learn more about it.

Madam Chair, thanks for having this hearing and I yield back.

Ms. Schakowsky. The gentleman yields back and the chair would like to remind members that, pursuant to committee rules, all members' written opening statements shall be made part of the record.

And now I would like to introduce our first panel of witnesses for today's hearing and thank them very much for coming. Heidi King is the Deputy Administrator of the National Highway Traffic Safety Administration and Mr. William Wehrum, Assistant Administrator for the Environmental
I think you are probably both familiar with the lights in front of you. You know that they will turn yellow, from green to yellow, when there is 1 minute. So I hope you will begin to wrap up as close as you can to the red light after 5 minutes.

And so first, I would like to welcome the opening statement for Ms. King and you are recognized for 5 minutes.
STATEMENTS OF HEIDI KING, DEPUTY ADMINISTRATOR, NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, U.S. DEPARTMENT OF TRANSPORTATION AND HON. WILLIAM WEHRUM, ASSISTANT ADMINISTRATOR, OFFICE OF AIR AND RADIATION, U.S. ENVIRONMENTAL PROTECTION AGENCY

STATEMENT OF HEIDI KING

Ms. King. Thank you very much, Chairwoman Schakowsky, Chairman Tonko, Ranking Member Rodgers, Ranking Member Shimkus, and all of the members of this very esteemed committee, which it was my honor, my great honor to serve years ago.

Last year, NHTSA and EPA together proposed the Safer Affordable Fuel Efficient Vehicles Rule, the SAFE Vehicles Rule we will call it today, to establish new fuel economy and greenhouse gas standards for model years 2021 to 2026 passenger cars and light trucks sold to consumers. These standards are important because they determine what new passenger cars and light trucks will be available to carry our neighbors, our friends, consumers, families, to work and to school, to haul goods on our farms and ranches, to travel across this great country's mountains and its cities in good weather and in bad.

This action response to NHTSA's commitment in 2012 in
the prior rulemaking to provide a totally fresh consideration of all relevant information and a fresh balancing of statutory factors given to us by Congress to determine the maximum feasible standards and to perform a midterm evaluation of the greenhouse gas standard for model years 2022 through 2025.

That fresh consideration of relevant information has caused the agencies to find that many of the predictions made, many of the forecasts made years ago were incorrect. Current information suggest that the standards previously set for model year 2021 are unlikely to be maximum feasible and that the greenhouse gas standards previously set for 2021 are unlikely to be appropriate under the Clean Air Act. The agencies sought comment on a range, a very broad range of potential standards for model years 2021 through 2026.

Now this hearing today is important. These rules can be complicated and it is important to make sure that we all understand congressional direction and how the agencies are executing on that congressional direction. In the Energy Policy Conservation Act, EPCA, Congress directs NHTSA to determine the maximum feasible level of fuel economy standards for each model year considering four statutory factors: technological feasibility, economic practicability, the effect of other motor vehicle standards of the Government
on fuel economy, and the need of the United States to conserve energy.

NHTSA and EPA are working together to ensure that this important rule will rely on the best possible engineering and the best possible economic information, data, and science and that we review the comments thoroughly in order to assure that when we do produce a final rule, that final rule is reasonable, appropriate, transparent, and consistent with the law, given current facts and current conditions.

I must assure that the SAFE Vehicles Rule will establish a maximum feasible standard and would not prevent any auto manufacturer from designing and building Next Generation highly fuel-efficient vehicles. That includes hydrogen fuel cell vehicles, battery electric vehicles, hybrids, plug-in hybrids, or anything that the market demands that is more fuel efficient than the maximum feasible standard in response to market demands. In fact, I personally, as someone who works in innovation, am very excited, we are all excited to witness the expansion of diverse designs and power trains, providing more choice for diverse consumers across the Nation.

Now we all know that newer cars are safer and cleaner than older cars. We also know that consumers can choose whether to keep their older cars or purchase newer, safer,
cleaner cars. That is particularly relevant because there
are more cars than there are adults in this nation. There
are more cars than there are licensed drivers.

Standards that increase the price of a new car,
therefore, can hinder safety by discouraging people from
replacing their older car with a cleaner, safer, newer car.
Today, we are facing an affordability crisis in the new car
market. The average price of a new vehicle exceeds $37,000
and new vehicle prices have risen 29 percent in just the past
decade, while median family income grew only six percent
during that period. As fuel economy improves, the
incremental gains to consumers diminish. That means that
each additional fuel economy improvement becomes much more
expensive, lower cost technological improvements are
deployed, and there is less gain to the consumer from saving
fuel but it is more expensive.

So today, automakers are struggling to meet the existing
standards. EPA's latest trends report showed that despite
record fuel economy gains, all but three of 13 major
automakers failed to meet performance targets for 2017 model
year.

Newer cars are safer. Newer cars are cleaner than older
cars. Consumers are more likely to driver newer, safer,
cleaner cars, if regulations don't increase the prices beyond
Thank you for hosting this very important hearing. I look forward to your questions and to a very open dialogue today. Thank you.

[The prepared statement of Ms. King follows:]
Ms. Schakowsky. Thank you, Ms. King.

Mr. Wehrum, you are recognized for 5 minutes.
Mr. Wehrum. Thank you very much. I appreciate the opportunity to be here this morning.

Chairwoman Schakowsky, Chairman Tonko, Ranking Members Rodgers and Shimkus, members of both subcommittees, thanks for the opportunity to testify with Deputy Administrator King today on the proposed SAFE Vehicles Rule.

This rule is the next generation of Corporate Average Fuel Economy and Light-Duty Vehicle Greenhouse Gas Emission standards. The proposal would revise the existing national automobile fuel economy and greenhouse gas emission standards to give the American people greater access to safer, more affordable vehicles by setting new 2021 to 2026 model year standards that must be achieved by each automaker for its car and light-duty truck fleet.

Through this rulemaking, we are delivering on President Trump's promise to the American public that this administration would address and fix the current fuel economy and greenhouse gas emission standards. The proposal aims to strike the right regulatory balance, based on the most recent information, that will enable more Americans to afford newer safer vehicles.

It is important to note that the cost of new automobiles
has risen to more than $35,000, which is out of reach for
many American families. Current standards have contributed
to these costs. Compared to the preferred alternative, our
proposal estimates that keeping in place the standards
finalized in 2012 would add $2,800 to the cost of owning a
new car and reduce billions in societal costs over the
lifetime of vehicles through model year 2030.

In the proposal, NHTSA and EPA sought comment on a wide
range of regulatory options, including the preferred
alternative that locks in model year 2020 standards through
2026, providing much-needed relief from further costly
increases. The agencies' preferred alternative reflects a
balance of safety, economics, technology, fuel conservation,
and pollution reduction.

The joint proposal initiates a process to establish new
50-State fuel economy and tailpipe carbon dioxide emission
standards for passenger cars and light trucks covering model
years 2021 through 2026. The proposal estimates that the
preferred alternative will prevent thousands of on-road
fatalities and injuries, as compared to the standards set
forth in the 2012 final rule, as more people can afford safer
new cars.

EPA has worked with NHTSA throughout the rulemaking
process. Deputy Administrator King, and I, and our technical
teams have regular meetings and will continue to do until the 
rule is finalized. Given the importance of these 
regulations, both agencies are fully dedicated to getting the 
rule out as soon as possible.

Again, I appreciate the opportunity to be here today. I 
look forward to any questions you may have on the proposal.

[The prepared statement of Mr. Wehrum follows:]

**********INSERT 2**********
Ms. Schakowsky. All right, thank you.

Now we have concluded the witness testimony and their opening statements for our first panel. We will now move to member questions. Each member will have 5 minutes to ask questions of our witnesses and I will start by recognizing myself for 5 minutes.

The key to good decisionmaking is good information and I am concerned because the safety information supporting the Trump administration's flawed Clean Car rollback is based, I believe, on sham science and false assumptions. The result: a remarkable overstatement of safety benefits that cannot withstand public scrutiny.

Before the proposed rule was released, EPA officials within the Office of Transportation and Air Quality transmitted a letter, a lengthy memo to the White House calling portions of NHTSA's safety analysis, quote, clearly wrong, unquote, and quote, driving incorrect fatality estimates. EPA's analysis found that the new standards could actually increase automobile fatalities.

And it appears to me that political appointees at the EPA and at the White House overrode the safety analysis of career EPA employees, whose analysis this kind of -- who analyze this kind of data for a living.

And so I wanted to ask you, Mr. Wehrum, do you agree
with the EPA's Office of Transportation and Air Quality that
the administration's Clean Car rollback could actually
increase auto fatalities?

Mr. Wehrum. Thank you, Chairwoman.

Let's start by taking a step back. These are really
complicated issues, and a lot of what we do is complex from a
rulemaking standpoint, and this is particularly complex. It
has to do a lot of inquiry into advanced technology, a lot of
inquiry into things like consumer choice, predictions about
gasoline prices, and it is doubly difficult for us to do
this, with all due respect, because we are joined at the hip
with our sister agency, NHTSA, here.

Ms. Schakowsky. So --

Mr. Wehrum. So, it is not surprising at all,
Chairwoman, that on this range of complex issues, even among
experts, there are disagreements as to you know the right
approach.

Ms. Schakowsky. I am asking you if you disagree with
the EPA's own Office of Transportation and Air Quality.
Roughly 400 employees solely dedicated to developing -- to
the development of pollution standards for our vehicles. So
are you disagreeing with their conclusion?

Mr. Wehrum. Chairwoman, with all due respect, they is
us. I mean that office is part of my office.

Mr. Wehrum. And I can tell you that we have spent hours since I have been at USEPA delving very, very deeply into these issues. And the great thing about the rulemaking process is, and something we encourage internally, is people should express their diverse opinions. That is what makes our rules good. That is what makes our rules strong and --

Ms. Schakowsky. But at the end of the day, we have to--

Mr. Wehrum. -- we are only at a proposed rule process.

Ms. Schakowsky. But at the end of the day, we have to come to a conclusion. And so I am asking you if this Office of Transportation and Air Quality said that aspects of the administration's safety model are indefensible and based on unrealistic assumptions.

So, are you disagreeing with that?

Mr. Wehrum. We are looking -- chairwoman, no final decisions have been made. We are looking at a wide range of issues. Hundreds and hundreds of issues go into how the CAFE model runs, how this analysis goes, and the safety issues that we are talking about here are one of many, many things that we continue to talk about.

Let me give you an example. You know one important element that goes into the analysis is so-called rebound.

You know when people buy new, more fuel-efficient cars, they
drive them more. They like to drive their cars. They are more fuel-efficient. They are cheaper to run. They drive them more. That is well-established in the science. But what scientists don't agree is how much more they drive them. And there is a body of science out there and some of the scientists say a couple percent more, sometimes they say 40 or 50 percent more. So how do we decide?

Historically, my office has assumed ten percent. NHTSA has assumed 20 percent. So we come to this rule with an immediate difference of opinion as to what the right number is and it is a scientific inquiry. And that is one of many, many issues that we continue to deliberate and we are working very hard to get it as right as we can get it so that when we issue the final rule it is defensible as it can be.

Ms. Schakowsky. With all due respect, I would say that the information that is fed in has to be good if the information coming out is to be good. You have heard the old expression garbage in, garbage out.

I yield back and recognize now the ranking member.

Mrs. McMorris Rodgers. Thank you, Madam Chair.

The midterm evaluation put in place by the Obama administration was intended for the agencies to evaluate the assumptions that were built into the model year 2022 through 2025 standards and to adjust those standards, if necessary.
Administrator King, can you please highlight which assumptions of the market behavior have proven to be incorrect, requiring you to adjust those projected standards, was the driving force behind your decision -- was that your driving force behind your decision to start the SAFE Vehicles Rule rulemaking process?

Ms. King. Thank you very much for that question. The factors that have changed are largely driven by markets and they are out of the control of the regulating agencies. One of them is that there has been a change in the fuel position of the United States. There has been, I think as recently as November 2018, the United States was for a single week a net exporter. That has manifested a change in fuel prices.

In our 2012 rulemaking together, EPA and NHTSA had forecasted that fuel prices would be $3.63 in 2017, when actually they were $2.16, 40 percent less than forecast. So, very, very important inputs to the modeling were 40 percent less than forecast in the 2012 rulemaking.

Another, as we have referenced earlier, consumer preferences towards trucks. The two agencies together, doing very fine work and doing their best possible work predicting into the future, anticipated that truck purchases would go down year-over-year and consumers would prefer to buy passenger vehicles. In fact, what we saw was the opposite.
Again, we had forecast, the two agencies, in 2017 the agencies thought 64.6 percent of new car purchases would be passenger automobiles. What actually occurred in 2017 was that only 52.5 percent, that is almost 20 percent lower, I think it is 18.5 percent lower than forecast. So very critical assumptions, what consumers will buy and fuel prices, how they will make those decisions and how they will drive, caused both agencies to recognize the importance of updating the analysis to make sure we are protecting American consumers going forward.

Mrs. McMorris Rodgers. Thank you.

Under the Obama administration, EPA and NHTSA agreed to jointly determine whether the fuel economy standards for model years 2022 through 2025 were appropriate but then, the Obama EPA decided to act on its own.

Administrator King, can you please explain how this last-minute move undermined the One National Program and why coordination and consistency across Federal programs is critical?

Ms. King. Well of course, the two agencies were to act together in the midterm evaluation. Although I was not employed by the administration at that time, the end of the Obama administration, there was only one Agency that acted and that was the Environmental Protection Agency.
So when the new administration came in, the two agencies, together, decided to make sure that all relevant information could inform this very important decision, including the information available to NHTSA. So the two agencies began to work together.

Mrs. McMorris Rodgers. Did NHTSA consult with California prior to releasing the notice of proposed rulemaking on the SAFE Vehicle Rule?

Ms. King. Yes, for nearly a year. I believe my first meeting with California occurred on the third day of my employment at NHTSA. And as I recall, Bill's was on -- good grief, was it your first day or second day?

So we immediately, upon taking office and working on this very important rulemaking, began meetings with California. And I certainly met both in Washington, I also flew to California, had repeated meetings and also conference calls, teleconference.

Mrs. McMorris Rodgers. It is clear that safety is a priority for you and a major consideration with the proposed SAFE Vehicles Rule.

Did the Obama administration focus on safety when they were setting fuel economy standards?

Ms. King. That is a very interesting question. At the time, as you may be aware, I was career staff in the White
House at the Office of Management and Budget and we were keenly aware that certain questions were raised about the safety impacts of the rulemaking. The two agencies, at that time working together, had different assumptions and different conclusions.

It is difficult, as my colleague mentioned, to have two agencies with a different set of scientists come to consensus. At the proposed rule in I believe 2009-2010, there were different conclusions about the potential safety impacts. The two agencies worked together and I believe the direction was to assume no safety impacts before the rule was finalized.

So because of that very important dialogue, because of guidance we received previously from National Academies of Science, we want to make sure that we don't sweep safety impacts under the rug but that we give adequate scrutiny.

We have had 2 years of historic increases in traffic fatalities in the United States. Although we had good news that it seems to be trending down last year, when I came into office at NHTSA, 2 years of the largest proportionate increases in traffic fatalities in my lifetime and I am more than half a century old.

So we felt very strongly that we needed to, on behalf of the American people, pause and think about safety before we
move forward to make sure that we were doing the best thing, considering the statutory factors Congress has directed us.

Mrs. McMorris Rodgers. Thank you. Well, I appreciate today's hearing, where we can look at safety, affordability, and the high environmental standards that we have in this country. Thank you.

Ms. Schakowsky. The gentlewoman yields back.

And the chair now recognizes Mr. Tonko, subcommittee chair of the Environment and Climate Change Committee.

Mr. Tonko. Thank you, Madam Chair.

Administrator Wehrum, EPA has extensive experience in developing greenhouse gas emission standards for vehicles. In fact, a GAO report noted EPA's expertise in this area and stated, and I quote, NHTSA cannot be expected to have the same level of in-house expertise related to vehicle power train design and environmental issues as EPA.

Is it correct that EPA's Office of Transportation and Air Quality was created with the purpose of supporting development of pollution standards for vehicles under the Clean Air Act? Yes or no?

Mr. Wehrum. Thank you, Congressman. I will just -- I am going to give not a yes or no answer and just say I think my staff and the Office of Transportation and Air Quality are terrific. They are --
Mr. Tonko. Well, that is not the question.

Mr. Wehrum. Well, but --

Mr. Tonko. Is it correct that it was set up to --

Mr. Wehrum. No but they are true experts in automotive vehicle technology. We regulate tailpipe emissions from engines. We regulate characteristics of fuel. We look now at other vehicle --

Mr. Tonko. So I am hearing that they were set up to develop expertise to engage the appropriate standards and address pollution coming from our vehicles.

Mr. Wehrum. That is absolutely true and I will also say --

Mr. Tonko. Okay, I want to move on. I don't want you to carry on any further than we need.

Documents added to the rulemaking docket late in the process suggested that EPA technical staff had little role in the process, a role that should have included a review of and input into the modeling assumptions, the cost projections, technology evaluations, and environmental performance and effects of the program alternatives.

So Administrator Wehrum, is this accurate?

Mr. Wehrum. Just to finish my prior answer --

Mr. Tonko. -- I have worked with NHTSA a lot over the
course of this rulemaking and just want to give them some kudos, too. They have a tremendous amount of expertise --

Mr. Tonko. Okay but is this accurate?

Mr. Wehrum. -- related to vehicle technology and the combination of the teams is a very powerful combination.

Mr. Tonko. But is it accurate that they had little involvement in the process?

Mr. Wehrum. Through the course of this rulemaking, EPA has had a substantial amount of involvement and --

Mr. Tonko. Okay, then --

Mr. Wehrum. -- as I said a second ago, Chairman -- Mr. Congressman, no final decisions have been made --

Mr. Tonko. Okay but let --

Mr. Wehrum. -- and the goal of the proposed rule was to put out a wide range of alternatives and a wide range of information.

Mr. Tonko. Sir, you are using up my time.

Why then did EPA staff request that EPA's name and logo be removed from one or more of the regulatory documents?

Mr. Wehrum. That was -- I believe that was the Regulatory Impact Analysis and that was a document drafted by NHTSA. It wasn't drafted by us. So that was purely an indication of --

Mr. Tonko. But why did staff request that their name
and logo be removed?

Mr. Wehrum. Well, as I said, because that was a document drafted by NHTSA and not by EPA.

Mr. Tonko. Okay, let's move on.

Is it correct that, until this rulemaking, EPA had used its OMEGA model to estimate the cost of complying with every set of vehicle standards proposed by the Agency?

Mr. Wehrum. That, I don't know but what I do know is very early in this process --

Mr. Tonko. Well can you -- you don't know. So can you get back to us with an answer?

Mr. Wehrum. Well what I don't know is how long ago OMEGA was developed. So it certainly has been used for the last few EPA tailpipe standards but --

Mr. Tonko. Can you get back to us with an answer?

Mr. Wehrum. I would be happy to.

Mr. Tonko. Thank you. Is it correct that, in this rulemaking, the model NHTSA created to estimate the cost of complying with fuel economy regulations, the CAFE model, has been used to estimate the cost of complying with EPA's greenhouse gas standards?

Mr. Wehrum. I am sorry, Congressman. I didn't understand that question. Will you please repeat it?

Mr. Tonko. Is it correct that, in this rulemaking, the
model NHTSA created to estimate the cost of compliance with
fuel economy regulations has been used to estimate the cost
of complying with EPA's greenhouse gas standards?

Mr. Wehrum. If I understand your question, the answer
is yes, we are using --

Mr. Tonko. Okay, thank you. The answer is yes.

Mr. Wehrum. -- a single model. A decision had to be
made early on are we going to run two models or are we going
to run one model --

Mr. Tonko. Okay. Sir. Sir, I only have 5 minutes so I
want to use them well.

Mr. Wehrum. Well, you are asking complex questions,
Congressman and they are not solely yes or no answers.

Mr. Tonko. They require yes or no answers.

Interagency review documents released around the time of
the proposed rule show that EPA staff using the OMEGA model
found compliance costs that were half those found by the
NHTSA model. Has EPA considered its own results in
developing the greenhouse gas standards?

Mr. Wehrum. As I said a second ago, a decision was made
early on that we would rely on a single model instead of
having two sets of books. So the CAFE model, which was
developed by NHTSA, is the model that we are using for this
regulation and we will rely on the results of that model when
we take final action.

Mr. Tonko. Then why is there no discussion of these results in the proposal's regulatory impact analysis?

Mr. Wehrum. Well we are relying on the CAFE model and there is a lot of discussion of the results from the CAFE model in the record.

Mr. Tonko. If EPA was not involved in developing the technical analysis supporting the EPA standards, how has EPA satisfied its own obligations under the Clean Air Act to develop greenhouse gas pollution standards for vehicles?

Mr. Wehrum. We had been involved and we will continue to be involved until this rule is signed.

Mr. Tonko. It sounds to me like there is professional staff, expertise that suggests that they were not as involved as they ought to be and it bothers me with an administration that calls climate change, climate science a hoax and also rejects science to kind of go forward with this operation that creates this proposed rule.

And with that, Madam Chair, I yield back.

Ms. Schakowsky. Thank you.

The chair now recognizes Mr. Shimkus, the Subcommittee on Energy, Environment, and Climate Change ranking member.

Mr. Shimkus. Thank you, Madam Chairman.

Mr. Wehrum, can you please walk me through what
processes are legally required of the Agency, such as a
public hearing, in order to lawfully issue a new rule?

Mr. Wehrum. I would be happy to.

The rulemaking process is important to us. It is a very
public way in which we make decisions under our authority
that Congress gives us to establish legally-binding
regulations. And the whole goal of the rulemaking process is
to create an open public record that includes all of the
information that we rely on justifying our final rule.

So that begins well before our proposed rule is issued.

We create a docket. We put in all of the information, and
modeling results, and policy justification of what we are
doing. We publish a proposed rule in the Federal Register.
We provide an opportunity for the public to provide written
comments. If anyone asks, we will hold a public hearing and
we will hold the comment period open after the public hearing
for a period of time for comments, in light of what is heard
in the public hearing.

And then we will do that all over -- well, most of that
all over again. We will take consideration of the comments
and additional information. We will formulate our final
decision. We will document that decision in the docket and
then we will publish that in the Federal Register and that
represents the final Agency action.
Mr. Shimkus. In this particular case, have you done -- have you met these requirements, so far, as you laid them out?

Mr. Wehrum. I believe we have not only met, we have exceeded what is necessary under the law, sir.

Mr. Shimkus. During your comment period, have you received comments from all stakeholders, including public interest, environmental, and industry groups?

Mr. Wehrum. We have received hundreds of thousands of comments from all different perspectives, including all of the groups that you mentioned.

Mr. Shimkus. Under Clean Air Act Section 307(d), are you required to review each of these comments?

Mr. Wehrum. We review all of the comments that are submitted and part of our obligation in creating a record of the final rule is to respond to all substantive comments on the proposed rule, which we have.

Mr. Shimkus. Under the same Clean Air Act subsection, is there a response required for any significant comments, new data, criticism, and oral and written presentations?

Mr. Wehrum. You said it better than I did a second ago. That is absolutely true.

Mr. Shimkus. Good staff work behind me. So I appreciate that.
Would a final rule be subject to review and potentially be overturned if the Agency failed to do these things?

Mr. Wehrum. Absolutely true. All of our final rules, nationally-applicable final rules are directly reviewable in the D.C. Circuit Court of Appeals.

Mr. Shimkus. What actions are planned to comply with this requirement?

Mr. Wehrum. Well, we are working on the final rule right now. We are working on completing the docket supporting our decision. We are working on making final decisions. And once we complete that work, we will publish it in the Federal Register and then we will wait to see if anyone chooses to challenge that.

Mr. Shimkus. As I mentioned in my opening statement, our current Federal transportation fuel standards, namely, the RFS, doesn't necessarily give us liquid fuel formulations that maximize energy efficiency. Likewise, CAFE and greenhouse gas requirements don't necessarily result in the kinds of engines that would make the best use of available fuel formulations.

Without asking you to endorse any specific proposal or legislation, do you think consumers would benefit from a more holistic or harmonious Federal approach to fuels and fuel economy standards?
Mr. Wehrum. Yes, I agree with that, sir.

Mr. Shimkus. Could raising the octane levels of regular gasoline increase fuel economy in vehicles designed to use higher octane fuel?

Mr. Wehrum. It certainly could. Higher octane allows for higher compression ratios and higher compression ratios allows for more efficient engines. So, it certainly could have that effect.

Mr. Shimkus. Thank you all for being here.
And with that, Madam Chairman, I yield back.

Ms. Schakowsky. The chair now recognizes Congresswoman Diana DeGette for 5 minutes.

Ms. DeGette. Thank you so much, Madam Chair, for holding this really important hearing.

Last week, I chaired a hearing of the Oversight and Investigations Subcommittee on the mission of the EPA. And we had four former EPA administrators, who served both under Democratic and Republican Presidents going all the way back to the Reagan administration. And all four of them expressed serious concerns about the mission of the EPA under the Trump administration.

Governor Christine Todd Whitman, for example, who was the administrator under George W. Bush, testified that the EAP's current leadership is hostile to its own mission. She
told us, quote, by all accounts, industry has captured EPA's regulatory process. This is a disaster for the Agency, the environment, and public health. End quote.

The other administrators, all three of them, leveled similar criticisms. So I want to ask you a couple of questions against that backdrop, Mr. Wehrum.

Prior to your current tenure in the EPA's Air Office, you were an attorney in private practice. Is that correct?

Mr. Wehrum. Correct.

Ms. DeGette. And you provided legal services to a number of industrial companies and trade associations. Is that correct?

Mr. Wehrum. Correct.

Ms. DeGette. And so I have got here your financial disclosure report that you submitted and, according to this financial disclosure report, your previous clients included the American Petroleum Institute and the American Fuel and Petrochemical Manufacturers. Is that correct?

Mr. Wehrum. Yes, and actually, a --

Ms. DeGette. Thank you.

Mr. Wehrum. -- full list of clients is in --

Ms. DeGette. Excuse me, sir.

Mr. Wehrum. Just my recusal --

Ms. DeGette. No, no, excuse me, sir.
So, Madam Chair, I would ask unanimous consent to submit Mr. Wehrum's public financial disclosure report for the record.

Ms. Schakowsky. Without objection, so moved.

Ms. DeGette. Thank you.

Now, sir, since coming to the EPA, I would like to ask you have you met with the American Petroleum Institute?

Mr. Wehrum. Not that I recall.

Ms. DeGette. And have you met with the American Fuel and Petrochemical Manufacturers to discuss fuel economy, greenhouse gas, tailpipe standards, or any aspect of the SAFE Vehicle Rule?

Mr. Wehrum. Not that I recall, no.

Ms. DeGette. Do you know if any member of your staff has met with either of these organizations?

Mr. Wehrum. It is possible. We --

Ms. DeGette. Are you aware of it? Are you aware of it?

Mr. Wehrum. I am virtually certain that API and AFPM have been in on a range of issues but when those requests come in, they get delegated. You know I don't even see them because of my recusals.

Ms. DeGette. So, you have not met with them. Is that your testimony today?

Mr. Wehrum. I don't recall having met with API or AFPM
since I have been at EPA.

Ms. DeGette. And can you please provide me with a list of the meetings and participants of the meetings those two organizations have had with your staff?

Mr. Wehrum. I would be happy to take that back, that request back to our Congressional Office, yes.

Ms. DeGette. So will you provide me with a list, yes or no?

Mr. Wehrum. Well, as I said, I would be happy to take that back to the Congressional Office.

Ms. DeGette. So you are not committing that you will tell me who your Agency is meeting with from the American Petroleum Institute or the American Fuel and Petrochemical Manufacturers. Is that correct?

Mr. Wehrum. What I will tell you is that my calendar and I believe the calendar of my political staff are a matter of public record.

Ms. DeGette. So, therefore, you should be happy to provide me with a list of those meetings, right, since it is a public record?

Mr. Wehrum. Well, as I said, my Congressional Office manages relations and manages requests. So I would be happy--

Ms. DeGette. So you are not committing. Would that be
Mr. Wehrum. I am committing to taking it back to my --

Ms. DeGette. You can say yes or no to that.

Mr. Wehrum. I am committing to back it back to my
Congressional Office.

Ms. DeGette. Right. So I just want to say this is the problem we are having with your Agency every day is a lack of cooperation, a lack of documents, a lack of disclosure and this will not be allowed to continue. I just want to tell you that right now and you can take that back to your Congressional Office also.

Now, I want to ask you, given what these bipartisan commissioners said -- administrators said, and given what you have just told me today, refusing to even tell me whether your staff has met with the American Petroleum Institute or the American Fuel and Petrochemical Manufacturers, why the American people should have any confidence in your leadership at the EPA.

Mr. Wehrum. Oh, I think the American people should have great confidence in what we are doing. The American people elected President Trump. President Trump appointed me to this position and the Senate confirmed me to this position. And every single day I come to work I work as hard as I possibly can to meet the laws that have been assigned to us.
to implement by the U.S. Congress and to do it in the most robust, fairest, fullest, and public way.

And in response to the questions that I got from Congressman Shimkus, I explained that virtually everything we do is through a very open process of rulemaking and --

Ms. DeGette. Apparently no so open that you have to work with Congress.

And I yield back the balance of my time.

Mr. Wehrum. And I would just recommend on your --

Ms. Schakowsky. No. I now recognize Mr. Walden for 5 minutes for his questions.

Mr. Walden. Thank you, Madam Chair. I hope we can get to -- yes I know. You got that extra set there. I just have the panel ones.

So we do appreciate your being here and I hope we can get back on the issue of the rule and the topic at hand.

And Administrator King, could you explain the process the administration is undertaking for the SAFE Vehicles Rule? Let's get to that. There are many inflammatory allegations made in some of the submitted testimony. So I would like to hear from you directly and give you a chance to actually respond.

Are you following the law?

Ms. King. Absolutely.
Mr. Walden. Are you accepting comments from all stakeholders?

Ms. King. Absolutely.

Mr. Walden. Can you confirm that the proposed rule included many options and the Democrats' and media portrayal of a freeze and rollback of standards is not accurate, given that we do not know what is in the final rule?

Ms. King. That is correct.

Mr. Walden. Assistant Administrator Wehrum, do you believe the previous administration's rule was outside the bounds of the Clean Air Act's authority?

Mr. Wehrum. I believe the prior rule was not well-justified in that regard. I do believe it was beyond their authority.

Mr. Walden. And if so, can you explain why?

Mr. Wehrum. Yes, I would be happy to. And in brief, as Ms. King stated earlier, certain assumptions had to be made to justify the prior rule and those assumptions, like an ever-increasing cost of gasoline, ever-increasing penetration of advanced technologies, like electric technologies, consumer choice, where it was assumed that consumers would want to buy the fuel-efficient cars that would be mandated under this rule, all of those assumptions proved to be false.

The purpose of the midterm review was to do a reality
check, recognizing this program reached well over a decade and it is difficult to predict over a decade in an area like this that is constantly evolving.

So I believe an honest look, as I believe we did in our midterm evaluation, of these evolving issues should have caused the prior administration to conclude that things are different enough than what they predicted that they should have made changes, as we are making changes here.

Mr. Walden. And to each of you, could you highlight the critical differences between the two programs run by your agencies? Ms. King.

Ms. King. Thank you. And by the way, I apologize if I answered questions that were directed to my colleague. It is a sign, I suppose, that we work well together.

So the programs harmonize better than one might expect. In particular, the Clean Air Act assigns the responsibility to consider safety to my colleagues at EPA. And of course, NHTSA is a safety agency, traffic safety, specifically.

One of the differences that must be considered is that the law that is implemented by NHTSA has requirements that we cannot consider, I am quoting statute now, may not consider, when prescribing a fuel economy standard, the trading, transferring, or availability of credits under these sections. So we cannot consider credit. We can't set a
This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee’s website as soon as it is available.

stringent standard that is infeasible and then use credits to get us out of the bind. We have to actually set a real standard.

Mr. Walden. All right.

Ms. King. We also have a requirement which is --

Mr. Walden. And these are statutory requirements you are referencing?

Ms. King. This is from Congress. This is EPCA, yes, the Energy Policy and Conservation Act. We have a very important area of law that we implement at NHTSA which says, this is preemption clause, when an average fuel economy standard prescribed under this chapter is in effect, a State or political subdivision of a State may not adopt or enforce a law or regulation related to fuel economy standards or average fuel economy standards for automobiles covered by an average fuel economy standard under this chapter.

Now this is very important because, as many of you know, fuel economy and greenhouse gas emissions are so closely related that they are measured in exactly the same way for compliance purposes and that is at the tailpipe. So the law that is the responsibility of NHTSA to execute, as directed by Congress, would prohibit State standards, whereas, I believe the Clean Air Act has some opportunity to offer a waiver, which my colleague can describe.
Mr. Walden. All right. Do you want to speak to that, the differences?

Mr. Wehrum. Yes, I will just go back to the original question. We have very different missions. NHTSA, my understanding of their mission is primarily highway safety. In this case, you know Corporate Average Fuel Economy, for purposes of energy security, our mission is to manage air pollution.

Now when it comes to cars and trucks, those missions overlap substantially and that is what makes it hard for us to do the rule because NHTSA comes at it from a particular perspective. Congress said you know regulate fuel economy, upon consideration of relevant factors for purposes of making sure we have energy security and enough fuel economy that it supports that outcome. And our mission is to regulate cars and trucks to reduce emissions upon consideration of a lot of factors like cost and safety so that we strike the right balance between emissions reduction and other important things like highway safety.

Mr. Walden. All right. My time has expired. Thank you very much. We thank you both for your public service.

And I yield back.

Ms. Schakowsky. Now I yield 5 minutes to the chairman of the full committee, Mr. Pallone.
In my opinion, the only ones that support the proposal that the EPA has put forth are oil companies poised to make money from the increased use of fossil fuels. And yesterday, I wrote a letter to oil interests asking for details regarding their lobbying efforts. A month ago, I sent the EPA Administrator a letter highlighting how the Agency rejected its own expert's conclusions that the CAFE rollback will result in increased gas pollution and job losses.

Mr. Wehrum, a few questions yes or no. If you can't answer yes or no, I am just going to move on.

Were you briefed on the memo written by the Office of Transportation and Air Quality detailing the problems with the proposed rule?

Mr. Wehrum. Yes.

The Chairman. And was Administrator Wheeler briefed as well, to your knowledge?

Mr. Wehrum. Yes.

The Chairman. Okay. Has Ms. King or anyone else at NHTSA told you that NHTSA will correct any of the problems identified by the Office of Transportation and Air Quality?

Mr. Wehrum. That is not susceptible to a yes or no answer. So I am happy to give you an answer or move on.

The Chairman. Well I mean I am just asking you if they
said they would correct them.

Mr. Wehrum. I am sorry, the crowd noise.

The Chairman. I am just trying to find out if anyone at NHTSA told you that NHTSA would correct the problems?

Mr. Wehrum. Well, so I am sorry, it is not a yes or no but that assumes everything my office said is correct. And as I said earlier, these are very, very complex issues --

The Chairman. All right, let's move on. Let me go to Ms. King.

Mr. Wehrum. -- and we are working --

The Chairman. Let me just ask her directly.

Will you correct the problems identified by the EPA office?

Ms. King. Where we find errors in math or where we find opportunities to improve the modeling, and those are opportunities that we can, in the given time and with given resources, improve, absolutely. We want the best possible information --

The Chairman. All right. All right. I appreciate it. Ms. King. -- to improve, to inform the rule.

Thank you, Chairman.

The Chairman. Now, I requested a variety of brief --

this goes back to Ms. DeGette and the problems with us getting access to documents. I requested a variety of
briefing materials in my May 23rd letter, much of which is in
your possession, Mr. Wehrum. Will you commit to providing
those materials requested, yes or no, by the end of next
week?

Mr. Wehrum. As I responded earlier, those kind of
requests I have to take to my Congressional Office and I
would be happy to do that.

The Chairman. All right. I just want to say I am
deeply troubled by EPA's lack of transparency and its
disregard for science and the expertise of its career staff.

EPA and NHTSA should probably comply with this committee's
oversight requests moving forward, again, along the lines of
Ms. DeGette's request.

Now I wanted to ask about UARG. Mr. Wehrum, I can't let
you leave here without asking you just a few clarifying
questions about your former association with Utility Air
Regulatory Group or UARG and I want to make sure I get my
facts straight.

So first, just to confirm, you represented UARG when you
were at Hunton. Is that correct; yes or no?

Mr. Wehrum. That is correct, UARG was a client.

The Chairman. And correct me if I am wrong but that
means you represented each individual member of UARG. Is
that correct?
Mr. Wehrum. That is not my understanding.

The Chairman. All right. So was each individual member of UARG also a client of Hunton as individual members?

Mr. Wehrum. That is not my understanding.

The Chairman. And then finally, you told Politico in February, and I quote, UARG is an entity. It is a legal entity. End of quote.

Just explain to me what you meant by that, if you can.

When you said that it was an entity, a legal entity, what did you mean?

Mr. Wehrum. I don't recall that conversation so I am not going to speculate as to what that was about.

The Chairman. Okay. You know I am just trying to confirm statements that you made to the press. So you know I don't know why it is so difficult to answer but whatever. I guess if you are not willing to answer some of these things, we can find another time to summon you back to answer them.

But the reason I am asking these questions is because, in April of this year, this committee opened an investigation into the Utility Air Regulatory Group and that is the secretive litigation group formerly run by Mr. Wehrum and his former colleagues at the law firm then known as Hunton and Williams. And I was very pleased that 1 month later, in response to the investigation, the group announced it would
dissolve. And so we are closely monitoring their progress.

I just want to reiterate again, because my time is almost gone here, it is very important, wherever possible, to give us documents, whether it is the request from Ms. DeGette, who is our Oversights and Investigations chair, or my own in these letters. To be honest, we have had a certain level of cooperation from the EPA on other issues and I just would like to see more cooperation from your office, if at all possible.

Thank you. I yield back.

Ms. Schakowsky. The chair now recognizes the ranking member of the full committee, Mr. Upton.

Mr. Upton. Well I don't have that spot anymore.

Ms. Schakowsky. Oh. Oh, I am sorry.

Mr. Upton. Walden is leaving the room angry.

Ms. Schakowsky. What was I thinking? Fred, I am sorry.

Mr. Upton. There has been a coup. There has been a coup.

Thank you, Madam Chair.

Ms. Schakowsky. I recognize you anyway.

Mr. Upton. Thank you. Good to have you here and Ms. King, particularly, your role before. You know for me, particularly not only from Michigan but as an American, and one that knows the importance of the industry and also clean
air, it is important that we have the right standards. I have supported better safety standards, better fuel standards for everyone.

And I was part of the group, I guess, a long time ago, that looked at this long fuel economy standard issue. And it was important, and we had an agreement by both Republicans and Democrats that we were going to have another look at this and that we would, in fact, we insisted on a midterm review so that years out we would see where the assumptions were, and where things were, and we would be able to recalibrate, if we had to. And as one that supports a one standard, knowing that we can't really have 50 standards, or 10 standards, or whatever, it was important that we have our act together and see if we can't accommodate all the many different interests there that protect not only the industry and the jobs, but also the consumers, as well as the environment.

And you said something early on in your testimony that literally within a day or 2 of your becoming administrator, you met with folks in California and indicated that EPA had done the same thing. I just know that, as we are in this crux as to where we are going to go as it relates to the midterm review, has California -- so you have met with them. You know who they are. Have they made a proposal, an offer
back to you in the time that you have been there, in terms of
where we should go, knowing that we had to relook at these
standards?

Ms. King. I am --

Mr. Upton. In essence, have they had a counteroffer?

Have they put anything on the table that they might be able
to accept, other than the path that leads us to 54 miles per
gallon?

Ms. King. At the end of the year of conversations,
there was -- well, first of all, we had a gentlemen's
agreement or gentlewomen, given that both my colleague from
CARB, Mary Nichols and I, we are both Californians, I, a
former California State Park Ranger, and she leading the
California Air Resources Board, we had a gentlemen's
agreement to maintain the confidentiality of our
conversations in order to assure the maximum probability that
we could find a common point.

That being said, it was not until the very end of the
conversation, when something was floated that had not yet
been vetted either by the outgoing or incoming governor or
the attorney general of California. So we very much
appreciated that there was the suggestion that there might be
a path forward but I don't know whether or not the full
authorities of the State of California would have been there
to support it as an offer.

Mr. Upton. So there has not been -- you are really not prepared to say where they are and there is no -- there is nothing out there in the public realm for us to look at in terms of a counteroffer, other than the original standard.

Ms. King. No, I am afraid not. Because the auto manufacturers, as most in this room know, need to actually design and build cars, they need to have some advance notice--

Mr. Upton. Right.

Ms. King. -- we need to make decisions and get to the final rule. So at some point, after a year of meetings, after a year of traveling, both California colleagues coming to Washington, us traveling to California, at same point we need to say it has been a year. We are not making progress. We need to just work from the public docket, from the public comments, from the best possible science, engineering, and data, make decisions and move on. And that is the stage we are at now.

Mr. Upton. And Mr. Wehrum, at EPA is it the same story? Is there anything different?

Mr. Wehrum. No difference, sir.

Mr. Upton. You know let me just ask a quick question, knowing my time is expiring.
You indicated, Ms. King, that early on you saw that there was a real spike in fatalities, when you came on. And I am just -- was your conclusion that it was just smaller vehicles? Is that why? I mean I am just looking at all the safety standards.

And you know I had to rent a car this weekend because my flights were canceled. And it has a lot more safety stuff than my car and comes with a little design in the mirror so you know that there is a car there in your blind spot. You know this committee pushed forward on tire standards. I mean we have done a lot of things over the recent years but why -- what was the basic conclusion as to why fatalities really spiked?

Ms. King. The truth is we don't know. It is complex and it is likely a number of factors. Economic growth means that people are driving more. That means there is more exposure to roadway hazards.

The increase in people choosing to walk and bicycle, that is a cultural change we see in our cities, certainly here in Washington.

Mr. Upton. Scooters.

Ms. King. We have seen a growth in the use of drugs among drivers. So our roadside survey shows more and more people are driving with marijuana, opioids, or impairing
pharmaceuticals in their blood.

So the individual vehicles are safer than they have ever been. Newer cars are safer than older cars but complex factors come to our roadways. It is something that we -- because we don't collect the data on things we don't know about, we don't have the data to fully explain the increase in fatalities but we have launched programs to do everything we can on all fronts to reduce those fatalities.

Mr. Upton. If I can just have 10 more seconds and I won't ask a question for a response and I hope that I have got a colleague down on the other side here that might ask about, as you look at alcohol and opioids, some devices that might added to vehicles.

But I will yield back.

Ms. Schakowsky. I now recognize Congresswoman Matsui for 5 minutes of questioning.

Ms. Matsui. Thank you very much, Madam Chair.

I want to bring up an issue that I believe no one has brought up yet, and that is the California waiver. And it is the authority for the State of California, under the Clean Air Act, and 13 other States to set its own standards for vehicle emissions through a waiver.

Now since 1968, California has requested and been granted waivers more than 100 times and the legislative
The history of the Clean Air Act clearly states that Congress intended California to have the broadest possible discretion in selecting the best means to protect the health of its citizens. Our State's leadership has led to cleaner air, improved public health, and has driven technological innovation in the automotive industry.

Ms. King, and quickly here, when did NHTSA decide to conclude that the Energy Policy and Conservation Act preempts the Clean Air Act's special grant of authority to California?

Ms. King. So the language that I read is the language from EPCA. It is not a decision of NHTSA. And that language is described and discussed in the proposed rule. There is no final rule yet.

Ms. Matsui. Okay, moving on here. Mr. Wehrum, when did EPA decide to revoke California's waiver?

Mr. Wehrum. No decisions have been made yet, Congresswoman.

Ms. Matsui. Okay. Well the Clean Air Act was carefully crafted with the obvious intention to grant California this authority. Two federal courts have already rejected the preemption argument and the Clean Air Act does not provide EPA with authority to revoke a waiver. This deeply flawed legal argument is an enormous mistake that will throw the entire American automobile industry into chaos for years.
Now in April of this year, Administrator Wheeler appeared before this committee and testified that the final rule had not been completed at that time but the EPA was moving forward to revoke the waiver. Administrator Wheeler also testified that the EPA is bound by administrative law to consider all evidence and comments submitted before making a final decision.

Mr. Wehrum, isn't it true that a California waiver has never been revoked; yes or no?

Mr. Wehrum. No.

Ms. Matsui. Okay.

Mr. Wehrum. Well --

Ms. Matsui. What?

Mr. Wehrum. And I am sorry. We denied a waiver request at the end of the Bush administration. So that wasn't strictly a revocation but it wasn't --

Ms. Matsui. It has never been revoked. You say it has been revoked?

Mr. Wehrum. I was just clarifying my statement, Congresswoman. I wanted to be clear. At the end of the Bush administration, when I was previously at EPA, we denied a waiver request from the State of California for greenhouse --

you know a waiver request that would allow them to regulate greenhouse gas emissions. That denial was in litigation at
the change of administration and the Obama administration reversed it.

Ms. Matsui. Right. So we can move on.

So let me just say this. Obviously, if this was rejected at this time, we know there would be disastrous outcome, should the administration move forward.

Now, and it could be avoided, let me tell you this is a back and forth here with good faith negotiations with California. In fact, and I really wish that Chair Nichols could be with you because we can answer the question right there but Chair Nichols actually states that California was open to accommodation, such as adjustments to compliance, timing, and flexibility. So it wasn't California's fault. They were open with the -- if you actually had just the same situation always, you wouldn't move at all.

Now, Mr. Wehrum, given the evidence that California clearly put forth a compromise, why won't you engage? Why did you walk away from the table, given you had these options?

Mr. Wehrum. Administrator Wheeler sent a letter to members of the committee and I think it was made available to all members of the committee this morning.

Ms. Matsui. And what did he say?

Mr. Wehrum. And he is addressing the testimony provided
by Ms. Nichols that --

Ms. Matsui. Well, let me --

Mr. Wehrum. -- in essence, that we were not

negotiating in good faith. So I would recommend each --

Ms. Matsui. Well, I will ask Chair Nichols about that.

Now I would like to discuss another issue that most
certainly will arise, should your Agency move forward with
its unlawful decision to revoke California's Clean Air Act
waiver. Under the Clean Air Act, federally-funded
transportation projects must demonstrate that they meet air
quality goals set forth in the State's Clean Air Act
Implementation Plan. In other words, those projects can't
adversely impact a State's ability to meet air quality
requirements. If they do so, Federal transportation funding
can either be delayed or lost entirely.

The proposed rule concedes that California and other
States that incorporate California standards into these
implementation plans would be compromised in their ability to
meet federal air quality standards for criteria pollutants
like ozone, which means planned transportation projects in
those States will not be able to show, as required by Federal
law, that they will not worsen air quality or delay
attainment of air quality goals.

Mr. Wehrum, California is projected to receive tens of
billion of dollars of Federal transportation funding in the coming years. Wouldn't revocation of California's waiver and implementation of the proposed rule jeopardize these billion of dollars of Federal transportation funding for needed projects?

Quickly, I am running out of time.

Mr. Wehrum. CARB submitted supplemental comments to the record of this rulemaking yesterday or the day before. And I think their supplemental comments answer your question that the tone of the comments is that this is going to create a great problem.

Ms. Matsui. Yes.

Mr. Wehrum. But if you read their letter carefully, they don't conclude that it does. They said it might, it may, and --

Ms. Matsui. Well, I think that there was that question and --

Mr. Wehrum. -- when you look at the analysis that we did in support of the proposed rule --

Ms. Matsui. -- I think Chair Nichols will -- okay. I think I have run out of time. So, I yield back.

Thank you.

Ms. Schakowsky. Thank you.

I know recognize for 5 minutes of questions, Mr. Latta.
Mr. Latta. Well, thank you very much, Madam Chair, and thanks for today's hearing. And thanks to our witnesses for being with us today.

If I could start my questions with you, Administrator King, if I could. Back in 2012, under the Obama administration, when it first finalized that rule, quite a few assumptions were made. And again, as had been pointed out a little earlier, that it was thought that gas prices would be over $4 a gallon and that most Americans would say they would rather have a much smaller vehicle than a larger vehicle, and being in the mid-sized range, and going with electric and hybrid vehicles. And pretty much what we have heard today that these assumptions have been pretty much proved wrong over time.

As my friend from Oregon mentioned when he was in California, he almost paid $4 for gasoline. Over the weekend, when I was in my district, I paid $2.34. I just checked and in one of the parts of my district you can buy gas for $2.25.

So also in the State of Ohio, just last year, that hybrid and electric vehicles amounted to less than 2.5 percent of the new vehicle purchases. And as I said, where the gas prices have gone down in the $2.30-$2.40 range in a lot of areas and down to $2.25 in some areas in the district
right now. And when you look at it, 65 percent of all the new vehicle purchases in 2018 in Ohio were crossovers, SUVs, and trucks.

So let me ask, did you take these assumption failures into account when you decided to revise the SAFE Vehicle Rule?

Ms. King. The updated information was inserted into any analysis performed at the proposed rule stage.

I want to describe briefly, this may also help address some of Chairman Tonko's questions, the two agencies' career staffs have worked very closely together, as directed by President Obama, for 10 years. We are now at the 10-year anniversary of the two agencies working closely together. That means sharing information, sharing analysis, sharing input files, some of which is provided from Department of Energy or other sources. The modeling takes inputs from EPA to go into the model. We share modeling. We help improve, through criticism and through debate, one another's modeling. And the two agencies have done so as recently as in the midterm evaluation technical analysis that was performed at the end of the last administration before the EPA acted independently in issuing the determination alone in January 2017.

So the agencies have always and will continue to
consider updated fuel prices, vehicle fleet information, technologies that are used to improve fuel economy, the prices that are described to us, you characterize them --

Mr. Latta. So it is actually important that, when you are doing this, that you are looking at accurate current information --

Ms. King. That is right.

Mr. Latta. -- to make sure that when you are working those rules and the regs out there that they are current --

Ms. King. Yes.

Mr. Latta. -- that they have current information.

Ms. King. Absolutely.

Mr. Latta. Thank you.

Would you speak in more detail about how the standards set in the SAFE Vehicle Rule would still push for cleaner, safer vehicles, while still providing for more consumer choice?

Ms. King. Because the statute requires that we set a maximum and not choose the individual types of vehicles that are available, the maximum means that there can be very low or minimum vehicles that are within that bound. Highly fuel-efficient vehicles can and will continue to be manufactured for consumers who would like them but some consumers need a vehicle that maybe has more power or other attributes. And
setting maximum feasible allows the opportunity, at a fleet-
wide average for there to be diverse vehicle --

Mr. Latta. Well, if I can interrupt for a second
because, again, when you are looking at these numbers and
these averages that we are hearing from different States,
like in Ohio, you know where you are looking at over 60-plus
percent of the people wanting a SUV --

Ms. King. Correct.

Mr. Latta. -- or they want a crossover, or they want a
pickup type truck, type vehicle. So again, you are saying
that when you are looking at these numbers, now are you
taking those percentages in or how did you say you are going
to do that, again? Because again, if one area's percentages
are going up --

Ms. King. Right. Over time --

Mr. Latta. -- do you factor that in there?

Ms. King. Over time, we are seeing fewer and fewer
consumers who are choosing passenger vehicles. Instead,
people are moving to trucks, or SUVs, or other types of
vehicles. Because the fuel economy standards are calculated
as a fleet-wide average, when consumers choose larger or less
fuel-efficient vehicles, that means that our prior forecasts
of what would be achieved will be wrong.

Mr. Latta. Okay and that goes back to the earlier
question. You have to make sure that when you are working on these regulations that you have got to constantly be revising your information that you have received.

Ms. King. Yes, the direction given to NHTSA by Congress is that we are not allowed to set standards for more than 5 years at a time. Congress explicitly says the Secretary shall issue regulations prescribing fuel economy standards for at least 1 but not more than 5 years because Congress recognized that technology changes.

Mr. Latta. Thank you very much.

Madam Chair, my time has expired and I yield back.

Ms. Schakowsky. Thank you.

And now I recognize Congresswoman Castor for 5 minutes of questioning.

Ms. Castor. Thank you, Madam Chair.

The Trump administration's rollback of our fuel economy and clean car standards is poor public policy. It is not just poor public policy, it is downright harmful to the ability -- to our ability to tackle the climate crisis and to keeping America's competitive edge.

Mr. Wehrum, EPA's mission is to protect the public health and environment and clean air is critical to that mission but, in 2017 and 2018, the U.S. has more polluted air days than the average from 2013 to 2016. And in 2018, carbon
pollution increased after 3 years of decline.

The EPA has found that carbon pollution endangers the health and welfare of Americans. And the Fourth National Climate Assessment, that EPA was part of, found last fall that impacts from climate change on extreme weather and climate-related events, air quality, and the transmission of diseases through insects, pests, food, and water increasingly threaten the health and well-being of the American people, particularly populations that are already vulnerable. And American families and businesses are now dealing with the escalating cost of the climate crisis.

But now EPA is making it worse. Yesterday, EPA finalized a rule that will achieve less than one percent emissions reduction from the power sector. But it is transportation that is now the largest source of carbon pollution. But today, you are here defending a proposal that provides for a massive increase in carbon pollution, the tailpipe standards for the cars that we drive.

With carbon pollution increasing and more polluted air days happening, EPA freezing tailpipe standards at 2020 levels through 2026 is clearly at odds with the Clean Air Act requirement of protecting the public health and welfare, isn't it?

Mr. Wehrum. No, Congresswoman.
Ms. Castor. But Mr. Wehrum, last August you admitted, as reported in the L.A. Times, that rolling back the standards would hurt public health and the environment. You said, quote, if we lock in the 2020 standards, we are not getting as much emissions reductions as we otherwise would and that translates into incrementally less protection of health and the environment.

The Trump administration's rollback of fuel economy standards is harming American families and businesses in other ways as well. Fuel economy standards drive investment and innovation. Every time we have encouraged automakers to do better, they have met the challenge. They have made parts lighter and stronger, transmissions and engines more efficient, and vehicles more aerodynamic. But by freezing the CAFE standards, the administration seems to want to aid foreign automakers instead. Because this is a global and very competitive market for the cars we drive and the trucks we drive. And you seem to say America can retreat. We are not going to be the best anymore in building cars. America is last. American last in innovation, last in fuel efficiency, last in air quality. We are not going to stand for it.

Deputy Administrator King, given that automakers have written President Trump raising concerns about the effect of
the rollback on innovation and investment, how can you claim that the American automobile industry would continue to be a leader in clean car innovations under the administration's proposal, which freezes clean car standards?

Ms. King. I would be delighted to answer that question. Of course when we set a very stringent regulatory standard that requires advanced engineering, all the engineers need to work on that standard. Whereas, if we set a maximum standard that is feasible, as required by law, as Congress has directed us to do, that allows engineers to innovate on safety as well.

Ms. Castor. No, you are letting them off the hook in doing that. That just flies in the face of experience over the last decades.

Ms. King. Advanced safety technology --

Ms. Castor. Every time we have set better standards, they have met them --

Ms. King. Advanced --

Ms. Castor. -- because this is the United States of America and we will not retreat --


Ms. Castor. -- and it is not time to retreat.


Ms. Castor. Canada is increasing their clean car
standards to 55.2 miles per gallon for cars and 40.6 miles per gallon for light-duty trucks. And the European Union has proposed to increase their clean car standards to 64.3 miles per gallon for cars, 45.7 miles per gallon for light-duty trucks. China, Japan, and South Korea continue to meet aggressive fuel economy targets.

Why wouldn't Europe, Asia, or Canada become the epicenters of clean car investment an innovation under your proposal?

Ms. King. It is important to look at how those numbers are calculated. And remember in 2017, most automakers could not meet the standard in the United States. So I don't know where the information is suggesting that folks were able to meet that.

Ms. Castor. It is plain as day and thank you.

I yield back my time.

Ms. Schakowsky. Mr. McKinley, you are recognized for 5 minutes.

Mr. McKinley. Thank you, Madam Chairman.

I want to acknowledge, first, Administrator King and Administrator Wehrum for your service and thank you. I know when you and I we served together here on the Committee on Energy and I was with you yesterday at a special celebration about the ACE Rule. Despite what some people were whining
about that, I think it is going to be a very effective rule over the long-term.

Let me just quickly get into it. One thing that I have learned, Madam Chairman, to change direction here a little bit, is that in my 9 years here on the committee following the Constitution, one of the things I have found out, the executive branch, pardon the pun here, but the executive branch trumps the legislative branch.

We are seeing time and time again that, as House Members and Members of Congress, that we have given up a lot of our authority to the agencies. Now, we are having this hearing today. Why? Because once again, the administration is unilaterally changing a regulation and someone is disapproving of it. That is the way this system has worked. I don't like it.

So my question goes back to more fundamentals, Madam Chair. If we don't like something, why don't we change the law? If we have a problem with 1975 CAFE standard, change the law, not whine and complain about it. They have been doing it for decades. When the GOP had the majority, we complained about what Clinton and Obama did. And when the Democrats are not whining about what happened under Trump, they did the same thing under Bush.

But let me understand -- let me point out if we continue
to give up this authority to control how these agencies operate that are passing the rules and regulations, we are going to see more of this.

As an example, this is something we prepared. Our office prepared something about 4 or 5 years ago. These are--just let it roll out. These are the rules and regulations that were passed against the fossil fuel industry under the Obama administration -- 1,500 rules and regulations.

We need to regain control, I believe, of this process, instead of whining about the agencies are doing because every 4 years, potentially, we change administrations and they change direction. We don't have certainty. When we had the Clean Air Act, it was passed and it gave certainty. We need to get that back again, instead of complaining about what the rules are. Then let's tighten up what the CAFE standards are, or whatever those might be.

We had back under the Obama administration there was an interesting book written by Professor Howe and it said -- the title was Power Without Persuasion and it was using the rulemaking to influence what we should be doing here in Congress. And he talked about Obama, the State waivers under Federal mandates, if they agreed to education overhauls, if they increased the greenhouse standards through environmental
regulations, I could go on. We have all got some lesson of what the administrations have done. I don't care whether we are Republican or Democrat, we just have given up that power on it.

So Madam Chairman, I would say what is our authority in Congress? Is it every 4 years, we are going to sit there, we are going to have people come before us as these two folks, and we are just going to criticize them and rip them apart? Why don't we tighten up how our agencies should be operating, so that we have a role, instead of whining about them when they come in or the next administration?

So I would ask just, and quickly, Heidi -- Administrator King, what problems would be presented to your group in transportation if Congress had a voice in the regulations before they go final? Would that crush you?

Ms. King. Representative McKinley, first, let me assure you for myself, on behalf of the entire Department of Transportation, that we are seeking to comply with all of the direction and laws given to us by Congress. We are not seeking to trump Congress. In fact, I believe that the difficulties and the challenges we are having here and the purpose of this hearing is because we are trying to restore regular order.

The Administrative Procedure Act requires that we
complete analysis, that we put it out for public comment, and
that the public be allowed to replicate the modeling on our
website and submit comment, and then we inform a final
decision, not backroom deal-making where you take
manufacturers and have a meeting at the White House and pick
a number, and not violating statutory direction.

Mr. McKinley. I respect that but you saw the list,
86,000 mine jobs, coal mining-related jobs were lost because
of those 1,500 regulations that were passed without
Congressional approval.

So it is not you, it is the process. We need to perfect
the process instead of criticizing you.

Thank you. I yield back my time.

Ms. King. I don't feel criticized. I am very pleased
to comply with the direction of Congress in this very --

Ms. Schakowsky. The gentleman has yielded back.

And now I recognize Mr. McNerney for 5 minutes.

Mr. McNerney. I thank the chair and I will resist the
temptation to respond to Mr. McKinley's comments there.

Mr. Wehrum, do you support the role and expertise that
the EPA Science Advisory Board can provide to assess
underlying science backing regulatory actions?

Mr. Wehrum. The SAB gives us important advice on a lot
of important issues, absolutely.
Mr. McNerney. Thank you. I think the same thing.

Four former EPA administrators testified before this committee last week. All supported upholding the science in deciding Agency action.

Now, the SAB has recently decided to review the rule that is being proposed. Will you commit to cooperating with the SAB's review of the proposed rule?

Mr. Wehrum. Congressman, the Administrator has already responded to that request in a letter back to SAB a few days ago. I don't have the exact date here.

Mr. McNerney. Well, I am asking you. Will you commit to working with the Science Advisory Board?

Mr. Wehrum. I guess what I am telling you is my boss made a decision, so I have got to do what my boss decided to do.

Mr. McNerney. What was the decision of your boss?

Mr. Wehrum. He said, and I am reading from his letter, and this is on the topic of you know SAB recommended that this rule, the SAFE proposal, be submitted for further review. So I am just reading from the letter.

And the last sentence of the Administrator's response on this particular topic says, the EPA believes that the Clean Air Act Advisory Committee, which is one of my standing FACA committees, and its Mobile Source Technical Review
Mr. McNerney. But those aren't science boards. Those are committees of some kind.

Mr. Wehrum. Well, they are full of folks who are interested -- with expertise. And particularly, the Subcommittee of Mobile Sources Technical Review is full of folks from car companies, and environmental groups, and outside experts.

Mr. McNerney. So will you commit to not finalizing the proposed rule until the Science Advisory Board has had time to complete its review?

Mr. Wehrum. The proposed rule was finalized a good while ago. I think you meant the final rule.

And again, the Administrator has responded to the SAB and he said that we will get advice that we need from these other advisory committees.

Mr. McNerney. That is not acceptable.

Do you think it is okay to continue business as usual with carbon dioxide emissions?

Mr. Wehrum. Well business as usual includes our efforts to regulate carbon dioxide through a wide variety of regulatory mechanisms. Yesterday, we finalized the ACE Rule, which regulates greenhouse gas emissions. We are working
hard on finalizing the SAFE Rule that will regulate greenhouse gas emissions. I administer a major source permitting program that regulates greenhouse gas emissions. And I think my job here with regard to greenhouse gas emissions is to faithfully and fully execute my responsibilities in the Clean Air Act and that is exactly what we are trying to do.

Mr. McNerney. Well I mean do you agree that the climate is changing largely due to carbon dioxide emissions, that the change is accelerating, that the impacts of climate changes are likely to be very damaging to catastrophic well before the end of this century? Do you agree with that?

Mr. Wehrum. Well, Congressman, what is most important is what I do in my job. And the EPA, prior to my arrival, made an endangerment finding and a contribution finding that authorized and actually obligated regulation of the Clean Air Act and a wide variety of provisions.

I think it is noteworthy we have not sought to reverse that endangerment or those contribution findings. What we have done is continued the regulatory program and process, in the way that I described earlier.

Mr. McNerney. And weaken the carbon dioxide emission standards, despite the evidence that we are seeing about the climate.
Mr. Wehrum. No, the Obama administration was trying --
Mr. McNerney. So do you believe that human-caused
climate change is happening and that it is a danger?
Mr. Wehrum. The Obama administration tried to use the
Clean Air Act --
Mr. McNerney. I am not asking about the Obama
administration. Do you believe that climate change is a
danger to this country?
Mr. Wehrum. I am regulating greenhouse gases every day
of the week.
Mr. McNerney. So you are not going to answer that
question directly.
Mr. Wehrum. Like I said, what is most important is how
I administer my authority. My authority and obligation is to
regulate greenhouse gas emissions and that is exactly what we
are doing.
Mr. McNerney. Well your office told the SAB that the
EPA and NHTSA jointly proposed the standards that public
records shows career experts at the EPA Office of
Transportation and Air Quality disagreed with NHTSA's work on
that rule.
Your office also claimed that, quote, the EPA believes
the Clean Air Act Advisory Committee and its Mobile Source
Technical Review Subcommittee would be more appropriate

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venues for any necessary advice on these actions. It does appear that your office has been dismissive of the SAB at the time of its rulemaking to avoid input from the SAB on this action. Nothing you have said today has changed that conclusion.

I yield back.

Ms. Schakowsky. I now recognize Mr. Johnson for 5 minutes for questions.

Mr. Johnson. Thank you, Madam Chairman.

I was sitting here observing what my colleague, Mr. McKinley did. I wish I had thought of that. That was pretty neat, rolling out all of those thousands and thousands of pages of regulations that you know many of them, many of them under the previous administration that had very little to do with protecting the environment and solving the problems that my colleagues on the left want to talk about. They were about shutting down fossil fuel industries, particularly the coal industry.

And I applaud what the administration is doing and what the EPA is doing to reverse that course. And you can count me in as a champion to help you do that every chance I get.

You know like other members on this committee, I come from a state that has a history of manufacturing and producing automobiles. I know firsthand that these
manufacturing plants are typically steady and reliable sources of good-paying jobs but, with the recent closure of the GM Lordstown Plant, I have, unfortunately, also witnessed the kind of devastating impact that plant closures can have on local economies and communities when they do shut down.

Now, there were a lot of factors that went into that plant's closure but the Federal Government -- we know this -- I believe this: The Federal Government should not be issuing overly burdensome rules that make it too costly to manufacture or for consumers to purchase American-made new automobiles, especially as the market trends further towards trucks and SUVs.

If another company decides to buy the Lordstown facility, I want to ensure that that company has a clear set of transparent, cost-conscious Federal rules to follow. The Federal Government should be a partner in American auto manufacturing and production, not a barrier.

So Administrator King, in your testimony, you highlight the effect the SAFE Vehicles Rule will have on the types of vehicles that will be available for consumers. Can you please explain how the proposed rule will help improve consumer choice?

Ms. King. The proposed rule is considering the factors that Congress has required we consider to set a standard that
is maximum feasible. Now within maximum feasible, there can be all kinds of cars that, on average, meet the maximum feasible fleet standard.

What we are reconsidering is a standard that is infeasible because the forecasts and the projections that were made in 2012 turned out to be wrong, one of those being that consumers don't want to drive only passenger cars; they increasingly want larger trucks. So we are trying to make sure that, following Congressional direction, we set a standard that is in fact maximum feasible, considering all of the statutory factors that allows for the consumers to have access to vehicles they need.

Mr. Johnson. Okay. Well, how can fuel economy standards drive up the price of cars?

Ms. King. When a very, very stringent or infeasible standard is set, the investment that goes into meeting that standard could be very, very expensive. So for example --

Mr. Johnson. And they just pass that on to consumers, right?

Ms. King. That is right.

So for instance, moving cars into all electrified power trains because --

Mr. Johnson. Sure.

Ms. King. -- that is a very expensive technology. Not
every consumer wants it but that might be the only one that fleet-wide average could meet the standard.

Mr. Johnson. Okay, well thank you. Let me move on to Mr. Wehrum.

Mr. Wehrum, vehicle choice is important. And as Administrator King's testimony states, the SAFE Vehicles Rule contains no language that would prevent any auto manufacturer from designing and building different types of vehicles. Natural gas vehicles are an important part of that mix and I hope that any final rule can help ensure regulatory parity between vehicles like NGVs and EVs.

As EPA and NHTSA continue to move through this rulemaking process, will you work with my staff and colleagues to ensure greater parity is achieved for NGVs?

Mr. Wehrum. Yes, Congressman. We have heard from many folks in the natural gas vehicle industry about these issues and I think we have a good appreciation of what the concerns are and that is one of many things that we continue to deliberate as we put the final --

Mr. Johnson. Well, I appreciate that because I think that is an area where you know, if we are smart, we can find bipartisan agreement on. Everybody agrees that natural gas is much cleaner than many other forms of energy and it makes perfect sense that we move in that direction and bring about
Thank you both for your testimony. I, too, appreciate the service that you are providing to our country. I yield back.

Ms. Schakowsky. The chair recognizes Congresswoman Clarke for 5 minutes.

Ms. Clarke. Thank you very much, Madam Chair. I thank our chairs and our ranking members for this very important hearing on the Trump administration's proposed rollback of the fuel economy and Clean Car standards. And I thank our panelists for bringing your expertise to bear today.

Since 1975, the Corporate Average Fuel Economy standards, otherwise known as the CAFE standards, have played a critical role in improving vehicle fuel efficiency, increasing vehicle safety, spurring American innovation and investment, and significantly decreasing tailpipe emissions. As a direct result of these standards, families in my home State of New York have already saved nearly $2 billion today, not to mention the invaluable public health benefits that have accrued, thanks to cleaner vehicles, especially in low-income communities and communities of color.

Unfortunately, even with these standards in place, greenhouse gases -- excuse me -- greenhouse gas emissions from the transportation sector officially surpassed those
from the electricity sector in 2017, making transportation the single largest source of climate-warming emissions in the United States. In fact, the amount of greenhouse gas emissions from our transportation sector alone is greater than almost every other single nation's total emissions. 

Now, at a time when we should be strengthening vehicle emission standards to protect our most vulnerable communities from the worst effects of climate change and air pollution, the Trump administration's EPA is once again abdicating its responsibility to protect public health and the environment. Instead, they are proposing a rule change that benefits no one except for the oil and gas industries.

So having said that, according to American Lung Association's most recent State of the Air Report, nearly four in ten Americans live in areas with dangerous air pollution. My district might not be home to major auto manufacturers or suppliers but it is home to nearly -- to over 700,000 Brooklynites, whose health is threatened by this proposal.

Mr. Wehrum and Ms. King, with a simple yes or no, would you agree with the medical community's determination that tailpipe pollution is linked to numerous health problems, such as aggravated asthma, and other respiratory, and cardiovascular conditions?
Ms. King. Congresswoman, from the proposed rule, if we finalized a flat standard, there is no noticeable impact to net emissions of smog-forming or other criteria air pollutants. There is no impact.

Ms. Clarke. But would you agree that it would be a health concern --

Ms. King. In this rulemaking, no.

Ms. Clarke. -- such as for those with aggravated asthma, and other respiratory, and cardiac-cardiovascular conditions?

Ms. King. The impacts of this rulemaking, no, I do not agree, as the modeling and science show us.

Ms. Clarke. Currently. So you are saying that with this rule, we are going to be decreasing the emissions, we are going to be decreasing the number of individuals who will be impacted by tailpipe emissions?

Ms. King. I am glad you asked. It is about the same and the reason for that is if cars are --

Ms. Clarke. So then you have answered my question.

Ms. King. -- more expensive, people can't afford to buy a new car.

Ms. Clarke. You have answered my question. It is not going to abate it.

Mr. Wehrum, yes or no?
Mr. Wehrum. Excuse me, I didn't have my mike on.

You are asking simple questions about complex issues.

Ms. Clarke. Okay.

Mr. Wehrum. No, we are balancing --

Ms. Clarke. All right, if we can't --

Mr. Wehrum. We are balancing highway safety against environmental --

Ms. Clarke. If we can't even talk about health concerns --

Mr. Wehrum. No, we are not going to put blinders on.

Ms. Clarke. Yes.

Mr. Wehrum. We are not going to put blinders on and seek additional emission reductions to the exclusion of what our analysis predicts to be substantial --

Ms. Clarke. Okay, let me --

Mr. Wehrum. -- impacts on highway safety, fatalities and --

Ms. Clarke. -- move on. Let me move on. You are not going to filibuster here today. You are not going to filibuster. I am going to reclaim my time.

Are you both aware of how premature death rates among white children with asthma compare to those among black and Latinx children with asthma, yes or no?

Mr. Wehrum. I haven't seen the latest data.
Ms. Clarke. Okay. Well, it turns out that Latinx children are twice as likely to suffer from asthma than their white peers. African American children are ten times more likely.

These stark public health consequences are the primary reason that my home State of New York adopted California's Clean Car standards in 1993, 26 years ago, to improve air quality, clean up our communities, and protect our children.

I only have 13 seconds left but I think that you know this is a very critical issue for our communities. And as cities continue to grow and to expand, you have an obligation to know these stats. You have an obligation to know this information because at the end of the day, the rulemaking that is taking place here will have an impact on human life.

Ms. King. Your constituents won't be able to --

Ms. Clarke. Madam Chair, I yield back.

Ms. King. -- afford a clean, new, safe car. We want to --

Ms. Schakowsky. She has yielded back.

And now I recognize Congressman Long for 5 minutes.

Mr. Long. Thank you.

Ms. King, I drive a mid-sized SUV. It is 13 years old and that puts me right along with most of my constituents.

And the average age of a registered vehicle in my district is
almost 14 years old. So I guess when the 2020s come out, mine will be 14 years old.

When people are deciding to purchase new vehicles, a lot of them are buying trucks and crossovers. Three out of every one thousand vehicles purchased are electric. With a rural district like mine, a person's car is not just a means of getting around, it is oftentimes their business and their livelihood.

When I was a real estate broker and auctioneer for 30-some years before I came to Congress, on average, I put 35,000 miles a year on my car and I very rarely got out of what is now my congressional district. It is about 100 miles across and 100 miles deep. And so I know what it is like to make your living out of your car and driving 35,000 miles a year in a pretty limited area.

In your opinion, how did the previous administration's CAFE standards impact people like those in my district, and me in my life before Congress, who are looking to purchase a new car?

Ms. King. Certainly, a regulation was estimated and seemed to have added to the price of the car somewhat. But it is important to recognize and distinguish between the standards that have been executed to date and the future standards.
The standards that were issued by the prior administration had a slow ramp-up in fuel economy and we are now at the point where it would dogleg up, and shoot up, and become very costly. So whereas, the historically-implementing fuel economy standards did not appear to take new cars -- new cars are more expensive than they have ever been but we are about to see where the standards are completely infeasible.

So my hope is that we have at least assured both safety and fuel economy improvements in recent years but we have to be mindful, before going up that dogleg to a very steep fuel economy improvement that would raise the price of a newer, safer, cleaner car, make it out of the reach of an American family.

Mr. Long. Okay, staying with your Ms. King, in my estimation, the Safer Affordable Fuel Efficient, SAFE, Vehicle Rule sets a more realistic goal for automakers to achieve, considering less than a quarter of major automakers met the performance targets for the model year 2017 under the CAFE standards. However, should more automakers reach the new goals, does it say anywhere in the new SAFE Vehicle Rule that once an automaker achieves the model year 2020 standards for miles per gallon, they can no longer continue to innovate further and increase the average mile per gallon of their
 fleet?

Mr. Long. Aren't car companies incentivized to make safer and better cars, based on consumer demand instead of Government mandates?

Ms. King. We, as consumers, depend upon it.

Mr. Long. There is a lot of --

Ms. King. Yes.

Mr. Long. -- competition out there in the auto world, as you know, and I think that they all want to innovate and improve their miles per gallon as much as possible.

So thank you and I yield back.

Ms. Schakowsky. I am happy to yield now, for 5 minutes, to Congresswoman Dingell.

Mrs. Dingell. Thank you, Madam Chair. Thank you for organizing this hearing today.

Before I begin my questions, just in case you didn't know it, I want to make one thing perfectly clear. One National Program for fuel economy with strong reasonable standards that increase year-over-year and balance between goals of environmental protection and affordability are critical. Strong fuel economy standards have kept our
environment clean, reduced our dependence on foreign oil, and have saved consumers money at the pump.

The administration's proposed rule has listed several options, the most acceptable being the flatlining of fuel economy standards. Flatlining is harmful to American leadership and innovation, as well as the environment.

Additionally, the administration needs to respect, it just needs to respect California's role in the process. I am saying this as a Michigander who has had real -- you know it has been a history. And you have got to treat them as an equal partner in negotiations, rather than revoking their waiver under the Clean Air Act, which it would result in years of litigation and uncertainty for an industry and their employees across the country that simply can't take this uncertainty.

I am really not interested in a pissing contest between California and this administration, to be perfectly blunt. And I take offense at this letter because I care about this and, just like I have nagged you two, and everybody else in the administration, I have talked to Mary Nichols regularly and I know she has wanted to come back to this table. And you all, quite frankly, have not put this table together and it really bothers me.

I understand that you don't believe California has got a
right to regulate in this space but we do know that cutting a
deal with them can save the industry money, give them more
certainty, and reduce emissions as well. That is why they
have written you a letter, and that is why they have written
California a letter, and said we need one standard.

Mr. Wehrum and Administrator King, what is more
important to this administration, scratching your ideological
itch by picking a fight with California or solving a problem
by cutting a deal that maximizes environmental benefits and
affordability?

Ms. King. Executing the laws given by Congress that we
execute in the executive branch.

Mrs. Dingell. Mr. Wehrum, and your law is clear.
Mr. Wehrum. Yes, ma'am. The President gave us two
overarching instructions with regard to this rule; one, he
instructed us to go try to make a deal with California. Last
year, he said, go try.

Mrs. Dingell. Yes, I know he did.
Mr. Wehrum. And he said, get this rule done.
So from my perspective, we made an honest and a good
faith effort to find --

Mrs. Dingell. Even the industry doesn't believe that,
Mr. Wehrum. I talk to everybody every single week and that
is why I am coming at all of you. American people are tired
of conflict. They are tired of partisan bickering. They want us to get something done. They want us to come up with practical solutions to practical problems. It is not rocket science.

The Obama administration put five percent increases. You are proposing a flat line. There is not a way to compromise someplace in here? Would you two commit if we hear Mary Nichols on the next panel say she is willing to go to the table, will you commit to resume discussions immediately on a compromise; yes or no?

Mr. Wehrum. My answer is we will keep doing what the President said. So --

Mrs. Dingell. So I have to call the President and ask him to ask you to go back to the table?

Mr. Wehrum. No, no, no, no. He said make a good faith effort. So I am willing to go --

Mrs. Dingell. Well, I don't think your effort has been in good faith.

Mr. Wehrum. Well, I disagree but I am willing to continue making a good faith effort but I am also going to get this rule done as soon as I can.

Mrs. Dingell. So if she says she will come to the table, can we get that -- and the autos want you to go. What is it going to take?
Ms. King, would you go back to the table?

Ms. King. I don't know whether that would actually achieve the goal. I think it would be -- first of all, of course, we did meet for more than a year, or did meet for about a year. I --

Mrs. Dingell. And then you stopped.

Ms. King. I would be concerned about the uncertainty for automakers, should this rulemaking be dragged out for several more years.

Mrs. Dingell. But they are worried about the uncertainty. If it is going to be dragged out, this is going to the courts. You and I both know that this is going to end up in the courts and that is an uncertainty they don't want and they have written you, and written the President, and told people that that is not what they want.

Ms. King. In my experience, these rules tend to go to the courts, regardless of whether or not --

Mrs. Dingell. This rule is going to the courts.

I am just going to make -- you know the auto industry is really fragile right now and that is a message I want everybody here to take, too. And we can't take its health for granted.

President Trump came to my State. He promised we would improve manufacturing in this country, yet everything you do...
creates chaos. Trade is creating chaos. The lack of clarity in the rule for autonomous vehicles, which this committee and the House did pass, and now your two agencies are seeking to throw another wrench into this mix with misguided proposal on fuel economy, revoking California's waiver, flatlining the standards will take years to litigate and will cost this industry a significant amount in regulatory uncertainty and the inability to move ahead.

I urge you to go back to the table, please.

Thank you, Madam Chair.

Ms. Schakowsky. Thank you and I now recognize Mr. Bucshon for 5 minutes.

Mr. Bucshon. Thank you. I mean based on that what my friend just said, it sounds like if we would just give into California, as a country, then we wouldn't have a problem. Unfortunately, the Constitution doesn't say that.

I also want to talk about what Mr. McKinley said about Congress and usurping our authority. I totally agree with him. We have passed, over the last few Congresses, through the House what is called the REINS Act, which would give Congress the ability to approve rules and regulations that have more than $100 million impact on our economy and Democrats haven't supported it. So maybe they want to reconsider. I think it had something to do with the fact
that it was the Obama administration that didn't want it.

Now we have Trump administration and here we have conflict again.

As a Congressman in the 8th District of Indiana, this hearing is important and it directly impacts the Hoosiers across all 19 counties. In my district, the auto and auto supplier manufacturers provide 191,495 jobs and that changes, obviously, to Hoosiers, who contribute more than $15 billion to Indiana's gross domestic product each year, the second highest in the Nation.

It is imperative that the CAFE standard creates certainty and uniformity. I do, I agree with that. And while we must take steps to curb emissions, we want to make certain that standards are feasible for the industry and address technological constraints in the current market realities within the industry, which have been described by both of you.

I wanted to directly bring up some concerns, though, about some statements in the NPRM on the statement of rationale that suggested that lightweighting vehicles is unsafe. This is in contradiction to two NHTSA studies from 2012 and 2017, where researchers concluded that light-weight materials meet or exceed Federal safety performance requirements. Furthermore, the statement puts at risk many
high-skilled jobs, potentially, in Indiana in my Congressional district.

I would request that you would consider removing this language from the NPRM, since it is contradicted by studies from NHTSA. Can you comment on that, Ms. King, and then Mr. Wehrum?

Ms. King. Lightweighting is very important. It is not unsafe. Lightweighting is one of the most, and I believe it is the most cost-effective way to achieve increased fuel economy. So lightweighting is not unsafe. However, the laws of physics do apply. If I have one cup here of paper and an identical cup of lead and the two met, the lead cup, physics tell us, may endure better. So weight does matter because when two objects collide on a street, the lighter weight object is likely to suffer more --

Mr. Bucshon. I would agree but if you crash a '57 Chevy into a new automobile today, which one is more likely to cause injury to the passenger?

Ms. King. The newer cars are safer than older cars and, over time, because of the innovations and engineering, the relationship between safety and lightweighting has been broken, basically. So engineering techniques, safety technology, cars have never been so safe.

Mr. Bucshon. Agreed.
Ms. King. I go back to lightweighting is not unsafe. Physics still apply but lightweighting is not unsafe.

Mr. Bucshon. Okay, Mr. Wehrum.

Mr. Wehrum. I agree with Ms. King.

Mr. Bucshon. Okay, great.

Mr. Wehrum. She is the safety expert.

Mr. Bucshon. Thank you for that. I just want to -- you know like I said, you crash a '57 Chevy into an automobile today, which has a lot of plastic, aluminum, other lightweight products in it, it is more likely, for a multitude of reasons, why the lighter vehicle actually results in more safety for the passenger than the heavier all-steel vehicle that we have had in the past.

So this is for Mr. Wehrum. On January 12, 2017, 8 days prior to President Trump's inauguration, the Obama administration implemented the final determination of the midterm evaluation, as we have talked about, providing only 30 days for public comment and 13 days for the administration to review those comments -- thirteen days.

Mr. Wehrum, can you discuss how -- is it feasible on something this complex for the EPA to review and address all the comments in 13 days, in your view?

Mr. Wehrum. In my view, it is virtually impossible to do a good job in 13 days.
Mr. Bucshon. And so did this play a role in the reasoning for reopening the midterm evaluation, the expediency of this proposal?

Mr. Wehrum. The decision was made before I joined the EPA, but from discussing the issue with Administrator Pruitt, it is very clear he was concerned that there was a rush to judgment and it is very clear he was concerned, as I said earlier in this hearing, that fundamental things had changed and that those changes had not been adequately considered. So, we believe there was a firm, firm basis for reconsideration.

Mr. Bucshon. Okay, I yield back. Thank you.

Ms. Schakowsky. And now I recognize Mr. Soto for 5 minutes.

Mr. Soto. Thank you, Madam Chairwoman.

A bleeding heart liberal chairman Bill Ford stated his company, the Ford Motor Company didn't want to roll back and supported increasing Clean Car standards through 2025. The cost of believing in climate change, quote, is just not -- of not believing in climate change is just too high. So it kind of makes me curious why we are here today. Why are we rolling back standards when even major industry leaders aren't asking for it? And we would be lowering people's gas bills at the pump.
And I think a little back to the fact that from the enactment of the Clean Air Act in 1963, under Johnson, through Obama we have had this progress made. So why are we pulling back? I mean it is an aberration, I think, in history. We are going to look back on this period and say why. And I empathize because you all have to do what President Trump tells you to do. So I get the position you are in today. But, nonetheless, we have to talk about these things.

So we saw the rollout of the Affordable Clean Energy Rule, potentially a misnomer, that will lead to higher emissions than the EPA initially anticipated in the proposal. The increased carbon pollution resulting from this rollback would be equal to the annual emissions to 82 percent of the counties on Earth. That is a lot.

Ms. King, NHTSA used a new model to calculate fleet turnover. Why would you use a new model and was this method ever peer-reviewed before you used it?

Ms. King. Over the many years of issuing fuel economy standards, since NHTSA was first directed by Congress to do so, we used modeling econometrics and statistical analysis to inform the statutory factors. So the model we used is one that has been, the primary model, has been used in prior rulemakings. And each time we use that model, we take public
Two of the improvements this time are accounting for vehicle turnover and accounting for consumers responding to price changes. And that is because we know that consumers are less likely to replace their older, less safe car with a newer, cleaner, safer car if that newer, cleaner, safer car is 20 percent more expensive.

Mr. Soto. Why did NHTSA exclude several pieces of valuable modeling data, notably the fleet turnover model, from the public docket?

Ms. King. I don't know what you are referring to but we do take very seriously scrutinizing all public comments. And everything that can improve the model that is backed in facts, and science, and rigorous methodology, and can be done with available resources, we will incorporate.

Mr. Soto. So you have the world-class OMEGA model that is being used by the EPA. Why wasn't that used for the modeling?

Ms. King. So Congress directed fuel economy standards to be established by the National Highway Traffic Safety Administration, or NHTSA, and the CAFE model was developed exclusively for that purpose. We work with EPA. We work with Department of Energy. It has been peer-reviewed. It
has been, for many years, publicly available. It performs, I understand from career staff comments, given identical inputs it would provide similar outputs to the OMEGA model.

But we did decide to use one model for this rulemaking because the public found it confusing to be navigating multiple models in prior rulemakings and, essentially, we are representing that newer cars are safer than older cars, that if you increase prices, consumers are less likely to afford a new car, and fundamentally, more expensive rigorous technologies to meet stringent standards would increase the price of a car.

Mr. Soto. Thank you, Ms. King. My time is limited.

I guess the concern is that adding in these new economic factors is really -- can fudge the numbers, can cook the books, could get to a desired result.

Mr. Wehrum, do you believe that NHTSA's unproven modeling was ready for prime time or would EPA's OMEGA model have done the trick, as it has in the past?

Mr. Wehrum. Well, as Ms. King just said, we decided early on we would use one model and not two models. It doesn't make any sense to keep two sets of books here.

And we have been working hard --

Mr. Soto. Okay, thank you. Thank you, Mr. Wehrum.

Forgive me, my time is limited.
The last thing I just want to comment about is we saw that long list of fossil fuel regulations rolled out and I worry you know this rhetoric about a rural and urban divide in vehicles, big vehicles in the rural areas, smaller vehicles in urban areas, but these hurricanes don't discriminate. The floods in the upper Midwest don't discriminate. The tornadoes in the lower Midwest -- you know there is going to be a longer list of disaster victims, of climate change victims than that fossil fuel regulation list ever was, if we don't come together. It is not whining to combat climate change. It is our job.

And I yield back.

Ms. Schakowsky. Thank you.

I recognize Mr. Duncan for 5 minutes.

Mr. Duncan. Thank you, Madam Chair. And I want to thank both of you for being here. It has been an interesting hearing to listen to.

I think there is a lot of misconceptions perpetuated by some of the media and the other side related to the SAFE Act. This was not so much a rollback of regulations but an effort to maybe correct the course, regulatory assumptions that swung and missed on the realities of the market and what consumers want to drive.

Look, I am from South Carolina. I am in a rural
district. Billy Long was in the auction business and was a broker. I was in the auction business and a broker. He drove 35,000 miles. I drove about 65,000 miles chasing business. I drive a Chevy Duramax diesel truck now to this day because of it.

In my district, according to Auto Alliance, almost 50 percent of my constituents that own a vehicle either drive an SUV, a pickup truck, or a minivan; 99 percent of the vehicles in my district are gasoline or diesel; 0.02 percent are electric vehicles.

This breakdown is emblematic of several of the Obama administration misconceptions that they based their aggressively high standards on. People in rural America do not want electric vehicles because they don't fit their lifestyle, their pocketbook, their needs, and they don't have the charging availability. People in rural America don't own small vehicles. Many of the jobs that my constituents have, they require pickup trucks or bigger vehicles.

The median household income in my district is just over $47,000 but the price of a new vehicle continues to increase and they are now above $37,000. Go price a new pickup truck, a Chevy Duramax diesel right now and tell me what that cost is going to be, if you need that in your job. Maintaining the Obama-level standards will price the middle class of
America out of the new vehicle market.

Now I was thinking about an analogy and I will try this one. South Carolina is a right to work State. So we don't allow the union security agreements, okay? What if the Department of Labor was given a tremendous rulemaking and regulatory promulgation ability under a broad act like the Clean Air Act that gave the EPA these broad rulemaking abilities, and the Department of Labor said you know what, we are going to reach out and we are going to grab South Carolina's right to work standard and we are going to make that the standard for all the other States? Because that is what is happening now is this California standard is becoming the standard for all the other States, who are sovereign. We are a Republic. There is federalism. We, the Congress, has given a law so that we don't have one State dictating what other States have to do.

But what if the Department of Labor said we are going to make all the States adhere to right to work laws of South Carolina? I don't think the other States would like that. And so I am sitting here listening to a lot of the argument on the other side that takes market forces out of the equation of what the consumers want, because I believe the vehicle manufacturers, they are trying to see what the consumers want, and they are building the vehicles that they
can sell. But we are from the Government. We know best. We are going to tell you what you have to build and we are going to force that on the American people. Because that is what is happening is that Government is telling the automobile manufacturers what you have to build, regardless of what the consumer market wants, what you have to build and what you have to offer.

We don't want the vehicles that they are selling in Europe. Small, tiny roads require small, tiny vehicles and that is not appealing to the American consumer.

We got to talking about federalism a while ago. And I am going to ask Mr. Wehrum -- Administrator Wehrum: How does cooperative federalism factor into the Clean Air Act?

Mr. Wehrum. Well there are certain parts of the Act where Congress said that is how we should implement it, split responsibility between us and the States, and local governments. And importantly, there are certain parts of the Act where the Congress said don't do that.

And the motor vehicle emission standards are one of those places. They are general federal preemption in place. There is opportunity for a waiver for California but that is under particular circumstances. And if those circumstances aren't met, then general federal preemption is in place.

Mr. Duncan. Administrator King, real quickly, can you
elaborate on how the California requirements create perverse disincentives on the national auto market, things I talked about, and not just for choice and affordability, but for safety as well? Real quick, you have got 20 seconds.

Ms. King. We want to make sure that the innovators are focusing not only on fuel economy but on safety and other attributes that consumers value, and not only on that one dimension of fuel economy.

Mr. Duncan. Thank you both for being here.

And, Madam Chair, I yield back.

Ms. Schakowsky. Thank you.

And now I recognize Mr. Veasey for 5 minutes.

Mr. Veasey. Thank you, Madam Chair.

As we will hear today, the standards implemented by the Obama administration are driving innovation, creating jobs, and saving consumers thousands of dollars at the pump over the lifetime of the ownership of their vehicle, and not to mention it is a major victory for the things that we are trying to accomplish for the environment. Despite these benefits, the Trump administration seems intent on rolling these standards back.

Mr. Wehrum -- am I pronouncing that right, Mr. Wehrum -- and Ms. King, I assume that you have both seen the letter from the automakers to President Trump opposing the
administration's actions. You both have seen the letter?

Ms. King. I have not seen the letter from consumers or the public to the President, only from the automakers.

Mr. Veasey. You have seen it from the automakers. The letter states that the automakers support a unified standard that both achieves year-over-year improvements in fuel economy and facilitates the adoption of vehicles with alternative power trains.

Do you agree with the automakers on the value of these goals? If not, why?

Ms. King. We must comply with the direction that Congress gave us, which is to include economic factors and which is to --

Mr. Veasey. So do you disagree with the automakers?

Ms. King. I agree in some parts and not in other parts.

But again, I want to be very clear about the mission of NHTSA is to serve the public, 327 million Americans and not one specific private sector entity.

Mr. Veasey. Mr. Wehrum, do you agree with the automakers?

Mr. Wehrum. We have tried real hard to get to a deal.

Mr. Veasey. Do you agree with the automakers?

Mr. Wehrum. Well, their letter says keep trying. And I said earlier in the committee that the President said that we
should try and I am willing to do that. The President also said get the rule done and I am working on doing that.

Mr. Veasey. The letter goes on to say that, for our companies, a broadly supported final rule will provide regulatory certainty and enhance our ability to invest and innovate by avoiding an extended period of litigation and instability, which could prove as untenable as the current program.

Do you agree with the industry that the litigation, that is certain to occur as a result of these new proposed rules, will be extremely costly, create uncertainty, and make investments more difficult? Either?

Mr. Wehrum. Well, I will start. I can't control whether or anybody challenges a final rule that I issue and, frankly, virtually every final rule I issue gets challenged by somebody. So the fact of litigation doesn't change my thinking.

Mr. Veasey. So you don't think the litigation is going to stifle that?

Mr. Wehrum. Well, I was just going to say the fact of the litigation doesn't influence the decisions. We have to decide under the law, based on specified factors and that is what is most important. And if we can avoid litigation, that is great but it is awfully hard to do in my business.
Mr. Veasey. In regulatory filing in 2018, Shell Oil Company said improving fuel economy is an important lever for reducing DHG from vehicles while emerging technologies continue to develop. To date, efficiency standards have demonstrated the greatest impact on CO2 abatement in transport relative to other policies.

Do you agree with Shell that the fuel economy standards are one of the strongest tools we have in the fight against climate change, Ms. King?

Ms. King. Forgive me. Do I agree with Shell that fuel economy standards are one of the most important --

Mr. Veasey. Do you agree with Shell that fuel economy standards are one of the strongest tools we have in the fight against climate change?

Ms. King. Based solely upon the analysis completed by NHTSA and EPA together, I would have to disagree only because if you will see in the proposed rule analysis, there is almost no impact whatsoever on climate change between the proposed standard and the preferred alternative because of the impact of price that many families cannot afford a cleaner, safer, newer car with a strict price increase. So that means that we have the choice of either keeping families in older, dirtier cars or helping them get into newer cleaner cars. That is where the impact comes.
So there is very, very little climate impact associated with this rulemaking.

I believe they may be referring to transportation more broadly, which I believe is responsible for between 25 and 30 percent of anthropogenic carbon emissions in the U.S.

Mr. Veasey. And I understand that bringing more of these cars to scale makes them more affordable for a lot of the families, as you just mentioned.

Ms. King. It depends.

Mr. Veasey. Madam Chair, I wanted to also state for the record that myself and Congress Ron Wright, a Republican from Texas, we both share General Motors' most profitable plant in their entire division. We make the SUVs in Arlington, Texas, the Tahoes, the Denalis, the Suburbans and I will do anything that I can to make sure that that plant stays open and that it stays operating. It has been a plant that has been a very stable employer, particularly for many people in the black and Hispanic community. And I don't think that these standards that we are trying to put into place and keep in place that will keep our environment clean is going to harm the workforce at that facility in Arlington, Texas.

Thank you, Madam Chair. I yield back.

Ms. Schakowsky. Thank you.

Now I recognize for 5 minutes Mr. Carter.
Mr. Carter. Thank you, Madam Chair.

And thank both of you for being here. Obviously, it is a very important subject.

Ms. King, I was struck earlier in your testimony by your concern of safety and some of the figures that you cited about the number of fatalities having gone up and I couldn't help but think to myself about what has changed. And one of the things that I know -- and full disclosure, I am adamantly opposed to the recreational use of marijuana and particularly those states that allow that. And impaired driving is something that is of concern to me. And being on the Health Subcommittee and being currently the only pharmacist serving in Congress, the opioid epidemic is something that I have worked diligently on.

And I am wondering what role does NHTSA have in any of this. Is there anything that the Agency can do to help in this fight?

Ms. King. Very much so and we have been very active since I took office at the National Highway Traffic Safety Administration. First, we launched a campaign demonstrating Federal leadership in educating the public that driving impaired by any substance, whether it be marijuana, opioids, pharmaceuticals, or illicit drugs is dangerous.

We have also increased our support for local State
programs, Offices of Traffic Safety grant monies, support for
law enforcement, whose activities to identify impaired
drivers and remove them from the roads. We support
prosecutors who help make sure that if there is a repeat
offender, an impaired driver, that they have the tools, they
are educated and have the tools to make sure that driver is
directed appropriately in court.

So we have been supporting not only public education,
but the system at the State and local level that can remove
those dangerous drivers from our roads. I believe it starts
with public education because the market research has shown
us again and again that marijuana users, in particular, think
they drive better when they are high and yet, when they are
in a test simulator, the evidence shows they are impaired.
They are not driving better. They are slower to decide.
They make bad decisions and their reaction time is slowed.

Mr. Carter. Absolutely. I can't believe anyone would
assert anything to the contrary.

Nevertheless, is there any technology? You know you get
to alcohol and you have got the breathalyzers and you have
got you know we can lock the steering wheels and everything.
Is there anything technology-wise that can help us with
something like that --

Ms. King. There are numerous technologies --
Mr. Carter. -- specifically the marijuana, and opioid use, and impaired driving?

Ms. King. Of course blood tests can show the evidence of --

Mr. Carter. But you can't take a blood test before you crank a vehicle every time.

Ms. King. Oh, I understand. So there is not something that is related to actually stopping operation of a vehicle. There are roadside tools being developed. There is something oral fluid testing, where something like a swab can test for active THC or other marijuana constituents. And we should be issuing a report soon that discusses some of those technologies.

Mr. Carter. But nothing technology -- no kind of technology on the car itself that NHTSA might be able to say you are going to have do this or do that?

Ms. King. Not yet. We have for alcohol. We have supported innovations that can detect alcohol on the presence of breath and that can be related to whether or not the vehicle can be operated but that has not been developed for marijuana. Not yet.

Mr. Carter. Well and I do thank you for your efforts on that because it is something that is very important, and should be very important to all of us and, certainly,
something that is very important to me.

Mr. Wehrum, I would like to ask you very quickly, it looks like, from what I understand, the proposed SAFE Rule that should be finalized sometime soon freezes targets at the model year 2020 levels. And I understand that but yet we are still going to, from what I have gathered hearing here that, by 2026 because of certain elements, if you will, certain changes, that we are still going to be able achieve the decrease in emissions that was proposed by the previous administration. How is that? How can we possibly do that?

Mr. Wehrum. Well, part of what we are trying to do with the rule is make it cleaner and simpler. And I will give you an example of something that effects the standards on paper versus what they do in real life, which is for every electric vehicle sold, it counts as more than one vehicle for compliance purposes. And that doesn't produce any additional emissions reduction. That is purely an accounting exercise for purposes of trying to promote the development of electric vehicles.

So that is one example of where you look at the paper and it looks like you know that the current standards are considerably more stringent than the alternatives we have proposed but, when you take into account the practical reality, it is not so much.
Mr. Carter. Well, good. Again, I want to thank both of you for doing this.

I am one who believes that this is what we should be doing when we come to policies and, particularly, legislation. I have never seen a perfect piece of legislation. It has to be tweaked. It has to be massaged over time and I think that is exactly what we are doing here and I applaud your efforts and thank you.

And I yield back.

Ms. Schakowsky. I know recognize Congresswoman Blunt Rochester for 5 minutes.

Ms. Blunt Rochester. Thank you Madam Chairwoman. And thank you to the panelists.

I wanted to first start my questions to Deputy Administrator King. Also, I wanted to thank Congressman Tonko as well for this joint hearing.

I wanted to first direct my questions to you. And there were more surrounding NHTSA's rulemaking and setting of standards. And it is my understanding, and you can just confirm or deny, that NHTSA was to set a standard on side impact requirements for child restraints systems by October 1, 2014. Are you familiar with that?

Ms. King. I am familiar with the rulemaking, but not the date, and I am familiar with the work. As you know,
these very important safety rules that rely on engineering, we have to get them right if we are going to save lives. And so research is involved in developing the rules.

Ms. Blunt Rochester. Okay. And then the rear seatbelt reminder rulemaking was due October 1, 2015. Are you familiar with that one?

Ms. King. I am familiar. And similarly, we want to make sure we are making decisions from the best possible information.

Ms. Blunt Rochester. And then the rulemaking ensuring that consumers are notified of safety recalls via email, in addition to the mandate requiring consumer information about crash avoidance technologies to put on vehicle labels.

I guess the line of questioning is really to ask how do you prioritize. What is the process that made NHTSA really focus less on these congressional mandates that are in the pipeline and change the CAFE standards? How did you come to that determination of the prioritization?

Ms. King. First, I am pleased to find a fan of our safety rulemakings. They are very important to us and our teams work very, very hard. I can't say that it is -- we issue the rulemakings when we are ready.

With vehicle technology, vehicles are more complicated than they have ever been before. They are the most -- they
now are among the most complex digital products that each of us own, not our computers, but our cars. So when we are responding to congressional direction to issue a new rulemaking, we have to make sure that the researchers design and do research to inform that rulemaking so we don't accidently issue a standard that could have unintended consequences, including unintended safety consequences.

So we have research in progress. Oftentimes, the rulemakings on our regulatory agenda that are not meeting timelines, that is because the engineers at NHTSA and the academic universities are finishing the research that will inform the rulemaking.

Ms. Blunt Rochester. So basically, you are saying these 5-year-old missed deadlines are because you are waiting for external forces to influence and that the change in the CAFE standards, which seems to be complicated as well --

Ms. King. Yes, and a different team. We have a dedicated team on the fuel economy standards. Now these, the folks working on this, the engineers, rulemaking, they have an expertise in fuel economy engineering. We have a team of vehicle safety research engineers that work on the other research to inform rulemakings.

I am happy to sit with you or have my team sit with your staff and walk through all of our rulemakings. But I will...
say we will always be science and data-driven to make sure we do the right thing for safety.

Ms. Blunt Rochester. Well one of the concerns I have is that when it is 5 years out and they are congressional mandates, that is a concern and 40,000 deaths on the roads really, in our country, is a priority, particularly when we are trying to decrease the standards of something that have, I think, been for the betterment of our country.

And I want to turn now to Mr. Wehrum because I wanted to follow-up on Ms. Clarke's line of questioning. In the State where I am from, Delaware, we are one of the lowest lying States in the country and so we are the lowest and it is -- the whole issue of air pollution is priority for us, especially emissions of nitrogen and sulfur oxides from other States that travel across State lines and settle over Delaware. Twenty-five percent of children in the city of Wilmington have been diagnosed with asthma. The rate is nearly 30 percent for African American children in my State.

And my first question is really just a yes or no question, which is: Is the EPA mandated to consider public health when developing environmental regulations? Is the EPA mandated?

Mr. Wehrum. Of course.

Ms. Blunt Rochester. Yes. And then will this proposed
rule -- this is also yes or no. Will this proposed rule, if
promulgated result in the increase of emissions of more
localized air pollutants?

Mr. Wehrum. As Ms. King pointed out, it is a mixed bag.

Our projection says some pollution would go down and a
couple of pollutants would go up. And when you put it all
together, it is kind of a wash.

Ms. Blunt Rochester. So, Mr. Wehrum, please, in the
Federal Register, you actually stated that it will increase
emissions of more localized air pollutants or their chemical
precursors. That was in the Federal Register, Volume 83,
Number 165, page 4,367.

Chairman Schakowsky, I ask unanimous consent to submit a
copy of the Federal Register that I am quoting from.

Ms. Schakowsky. Without objection, so ordered.

[The information follows:]

**********COMMITTEE INSERT **********
Ms. Blunt Rochester. Thank you.

I just want to end up, because I know my time has run out, by saying we, as a country, want to be improving, not just maintaining or going backwards. And so I hope that this hearing will impress upon you the importance of it, not just for my State, not just for our country, but for the world.

Thank you and I yield back.

Ms. Schakowsky. Thank you.

And now, Mr. Gianforte, you have 5 minutes for your questions.

Mr. Gianforte. Thank you, Madam Chair. Thank you for our panelists being here today.

Administrator King, could you explain how costly regulations for fuel economy standards are forcing Americans to stay in older cars longer?

Ms. King. I am happy to. Today, vehicles are more expensive than they have been in memory, certainly, more than $37,000 is the average price of a new car.

Now, because vehicles have been developed to last for a while, the average age of our cars is also older. It is almost 12 years now. So one could say nobody needs a new car. There are more cars licensed to operate on our roads than there are adults, about 270 million cars licensed to operate on our roads, about 240 million drivers with drivers'
So the question is: How do you get folks into newer, safer, cleaner cars to have the environmental safety and fuel economy benefits? Raising the price is not going to get people into newer cars. We know that consumers are price-sensitive because they have fixed budgets. So increasing the price of a new car will reduce safety and not help with the other goals either.

Mr. Gianforte. Could you explain a little more about how people staying in older cars longer impacts safety?

Ms. King. Newer cars include technologies, whether it be lightweighting or whether it be crash avoidance. There are new designs for vehicles that help protect the passenger compartment. Airbags, that has been a fantastic innovation to improve safety. So we want to make sure that folks have the opportunity to buy a newer, safer car and take advantage of those technological advances, not only crash protections now, but also crash avoidance. Occupant protection and crash avoidance can save a lot of lives on our roads.

Mr. Gianforte. Okay, a follow on the same question, except related to air quality.

Ms. King. Yes.

Mr. Gianforte. What impact does keeping people in older cars longer have on air quality?
Ms. King. Older vehicles are not as fuel efficient. Older vehicles, on average, emit more. So the decision or the policy that helps get folks into newer, safer, cleaner cars, while of course those newer, safer, cleaner cars, if they are a very stringent standard, folks may not go into -- not as many people will buy the newer car. If it is a less expensive standard, more people can get into the newer, safer, cleaner cars.

And the effect on emissions is somewhat of a wash. So for the criteria pollutants that are associated with asthma or other health problems, particulate matter, ozone, NOx, those pollutants, it is all a wash because you get more people into cleaner cars when the standard is realistic.

Mr. Gianforte. Okay, just to put a point on it, you stated in your testimony that newer cars are safer, and cleaner, and you repeated that here. Is one of the objectives of the SAFE Vehicle Rule to get more Americans into the newer cars? And if we do that, instead of the negative side, talk about the positive side of that. What would the outcome be if we got more people in newer, safer, cleaner cars?

Ms. King. Now of course the standard is set, as it needs to be. Congress directed us to make it maximum feasible, which takes into account economic practicability.
So the positive effect of getting folks into newer, cleaner, safer cars is, not only safety and reduced emission at the family level, improved fuel economy at the family level. So at the individual family level, there are tremendous benefits. And in aggregate, it is a very good option as well.

Mr. Gianforte. So everybody benefits?

Ms. King. We believe so but we have not made a decision yet. We are modeling. We are reading the public comments and we are considering all public comments we receive before make decisions in the final rulemaking.

Mr. Gianforte. Okay. And then Administrator King, I have a real problem with Government dictating consumer choice and repetitive inconsistent bureaucracy increasing cost on consumers. Can you explain how the proposed rule is taking those concerns into consideration?

Ms. King. Yes, this is a maximum feasible standard, which allows for innovation that suits people who do want highly fuel-efficient, battery electric alternative power train vehicles, as well as someone who might need a vehicle which is large, and powerful, and can help meet their needs in rural America, perhaps working in a setting where they don't have capability to plug in, charge.

So we are trying to set a standard that is maximum
feasible across the entire fleet, taking into account market realities and consumer needs, safety, and prices.

Mr. Gianforte. Our needs in Montana are different than L.A. We need four-wheel drive in the winter. We need bigger vehicles just for road safety and other things. So I appreciate you taking that into account. We shouldn't be telling consumers what they can and can't buy. So I appreciate your testimony today.

With that, Madam Chair, I yield back.

Ms. Schakowsky. Thank you.

And now, Mr. O'Halleran, you have 5 minutes for questioning.

Mr. O'Halleran. Thank you, Madam Chair.

First, a little brief statement. I think on your modeling, and your safety issues, and stuff like that, I would like to know a little bit more. And are you going to allow those to be transparent to others within the public of how that modeling process works and what information went into the modeling process?

Ms. King. Yes, in fact, it is on our website. It has been public for quite some time. It even has videos. You can download the model. You can run it. You can watch a video on how.

Mr. O'Halleran. Great. And also I am aware that health
experts from around this country, hundreds and hundreds of them have clearly indicated that health would be affected by this change. And as a grandfather, as a parent, folks, I just don't understand how we are going to balance this concern about health care and then, obviously, experts around the country are also concerned about the carbon emissions, and the impact we have seen on both our climate, our weather, and the long-term viability of some of the systems that we have in our country and our health.

So first of all, Deputy Administrator King, your Agency received comments from the National Tribal Air Association, which has 136 principle member Tribes as participants, opposing the proposal to roll back carbon pollution standards and fuel efficiency standards. The Association urged EPA and NHTSA to uphold the current standards.

Are you aware of this comment?

Ms. King. I am aware of commenters who have that concern, yes.

Mr. O'Halleran. But this comment here, are you aware of it?

Ms. King. We had received about 650,000 comments --

Mr. O'Halleran. Okay, thank you.

Ms. King. -- and I don't remember them all. I am sorry.
Mr. O'Halleran. Thank you. Did your agencies consider the impact of this proposal on Tribal sovereignty?

Ms. King. I am sorry?

Mr. O'Halleran. Did your consider the impact of your proposal on Tribal sovereignty?

Ms. King. We are required by law to consider so and so, I believe that we must have. I don't recall the specific language here yet but there are certain executive orders that apply to all regulations which we address rigorously in all rulemakings.

Mr. O'Halleran. Okay, thank you.

To both witnesses: Is it your intention to finalize a rule that will weaken Tribal authority to improve air quality and reduce carbon pollution on Tribal lands?

Ms. King. It is not our attention, no. And I am not familiar with the issues that may be raised there. So I would be happy to learn more.

Mr. O'Halleran. Is it because you didn't reach out to the Tribal Nations?

Ms. King. No, that is not so. It is because we have 650,000 comments.

Mr. O'Halleran. Well, I will get to that in a second. Is it your intention to finalize a rule that will prevent Tribes from reducing air pollution and its
accompanying health problems in their communities?

Ms. King. That is not an intention, no. Our intention is to execute the direction of Congress to the Agency to set a maximum feasible fuel economy standard.

Mr. O'Halleran. And Mr. Wehrum, what about you?

Mr. Wehrum. That is not our intention, Congressman.

Mr. O'Halleran. Thank you.

Considering these severe impacts on Tribes, did your agencies reach out to Tribes for consultation? Specifically, did your Agency comply with Executive Order 13175, which requires consultation and coordination with Tribal Governments?

Ms. King. I will check back with my agency and reply to you, to make sure I provide the most accurate information.

Mr. O'Halleran. I am disappointed by the lack of consultation. It appears, at least from my perspective, from the start, EPA and NHTSA have shut Tribal Governments and communities out of discussions about this rule. This is my input from -- I represent 12 Tribal Nations and the largest number of population of any district in the country of Tribal members.

Will your agencies commit to engaging in a government-to-government consultation on this in future actions related to carbon pollution and emissions, and air pollution,
especially considering the unique and disproportionate vulnerabilities to climate change experienced by Tribes?

Ms. King. Our engagement with all partners is very, very important to us because safety is where the rubber hits the road in our communities, whether they be Tribal, city, county, State. So we will continue in all of our programs, whether they be regulatory or safety programs, to be very eager to partner and hear from our very important partners.

Mr. O'Halleran. And what about the EPA?

Mr. Wehrum. I agree with Ms. King.

Mr. O'Halleran. Thank you.

And so I just guess that I hope we all agree, eventually, on the concerns about health care, and climate change, and all those other elements, and how they factor into your decisions, and how they factor, if at all, into your modeling processes into the future.

So thank you very much and I yield.

Ms. Schakowsky. Thank you.

And now welcome to the subcommittees, Mr. Loebsack, who is waiving on, and you are recognized now for 5 minutes.

Mr. Loebsack. Thank you, Madam Chair. And I want to thank Chairman Tonko and the Ranking Members McMorris Rodgers and Shimkus for allowing me to wave on today.

I am doing this for an important reason. I am from
Iowa. That is corn country and, as you might imagine, Mr. Wehrum, we are going to be talking about some things that have to do with the RFS.

And I do want to thank you, first, you, and the folks at the EPA, and the President who worked to finalize the rule for year-round E15. That is something I have been working on since I got to Congress, quite honestly. I took the previous administration to task on that. I have taken this administration to task on that. I am fully bipartisan in my concerns because I am from Iowa and, as you might imagine, it is very important for us.

And unfortunately, the rule cannot possibly undo the damage that is being done to the biofuels industry by the literal explosion of small refinery waivers that the EPA has issued under this administration. We have seen those numbers skyrocket in recent years.

I understand you were with Administrator Wheeler and the President in Iowa recently. Is that correct? Did you accompany them?

Mr. Wehrum. Last week, yes.

Mr. Loebsack. Yes, thank you. Thank you for being there.

I understand, during that visit, that Kevin Ross from the Iowa and National Corn Growers Associations made another
appeal to the President to listen to farmers and to stop the abuse of the RFS small refinery waiver program. I know Kevin very well. I know all those corn growers, as you might imagine, very well.

EPA recently has not denied a single waiver request for these small refinery waivers in the last 2 years and, in doing so, many have argued that essentially they have destroyed over two billion gallons of biofuel demand, directly hurting farmers who grow the corn and soybeans for ethanol and biodiesel, respectively.

EPA has cited the court decision in the Sinclair case as justification for granting these additional waivers but a May 16th Reuters article, you may have seen that, calls that justification into question and indicates that the decision to stop denying the waivers was made at least 4 months before the Sinclair decision. If EPA's justification was valid, then EPA must have adjusted the criteria for evaluating waiver applications in response to the court's decision. If this is the case, Mr. Wehrum, what are the new criteria for evaluating waiver applications and why didn't EPA provide public notice of the change in criteria and obtain public comments?

Mr. Wehrum. Well, Congressman, to my knowledge, the criteria we consider are the same as they have ever been,
that we are ultimately obligated to look at whether there is
significant economic hardship on the small refineries imposed
by the RFS program. And we rely a lot on the analysis done
for us by DOE, as I am sure you know, and they do a very
detailed review of the applications we receive for economic
viability, and market position, and other structural issues.

Mr. Loebsack. Yes, I have to say I don't think that is
consistent with the changes we have seen. So I think we are
going to have to agree to disagree on that because prior to
that decision, the criteria were different. Now how they get
operationalized by you folks, that is another question and I
do want to explore that more after this hearing, if we can do
that.

And also you mentioned DOE. We have had DOE here before
and I have waved on to talk to folks from DOE. And I think
that process is not very transparent and I think that is a
big part of the problem we have here is a lack of
transparency, quite honestly, both in DOE and how they do
this, and how EPA does this as well.

So you know I guess the question really comes to just
sort of what EPA is doing with respect to these waivers. I
really want to have a lot more clarity on that. I would like
to have a lot more transparency in this process, both EPA and
the Department of Energy.
And I just think this really begs -- what this begs is the question of sort of how close to bankruptcy, if you will, do these small refineries have to be really to be granted the waiver. And I think we are going to see some discussion of that coming up.

I just saw an article. I think the President has called for a review of this process. And so I am sure that you folks are going to be part of that review. We are going to continue to monitor that on a bipartisan basis, those of us who are from corn country and soybean country.

But I do want to just say that, unfortunately, EPA has continued to fail to acknowledge the likelihood of waived gallons for the RVO as well. Because if we are going to see waivers going down, coming from the EPA, I think when we talk about RVOs for the upcoming year, we have to take into account some anticipation that some of that is not going to be fulfilled because of those waivers and we haven't seen that.

I just think that the EPA is egregiously undermining the biofuels industry, and has been the last couple of years, and its actions really are causing irreparable harm to a lot of folks in corn country, as you might imagine. Combine that with the trade issues that we are seeing as well and it is a real problem for biofuels producers in the Midwest and for
people who work in those factories, as well.

So I am looking forward to the President's review of the process. And I will continue to comeback and, hopefully, be waved on and ask some more questions in the future.

Thank you.

Mr. Wehrum. Thank you.

Mr. Loebsack. Thank you, Madam Chair, I yield back.

Ms. Schakowsky. Thank you.

Let me end by thanking our witnesses for being here. And so Panel I, we thank you.

And we are going to take a 5-minute break, during which time if the Panel II can gather, we will be right back.

[Recess.]

Ms. Schakowsky. So we will now hear from our second panel, and the witnesses are Mary Nichols, who is chair of the California Air Resources Board.

Nick Loris, deputy director of the Thomas A. Roe Institute for Economic Policy Studies and Herbert and Joyce Morgan Dellow in energy and environmental policy at the Heritage Foundation.

We have Ramzi Hermiz, who is president and chief executive officer of Shiloh Industries, Inc.

We have David Schwietert, interior chief executive officer of the Alliance of Automobile Manufacturers.
We have Josh Nassar, legislative director of the International Union United Automobile and Aerospace Workers and Agricultural and Implement Workers of America.

We have Jeff Landry, attorney general of the state of Louisiana. Welcome. Okay. All right. Former member.

Shoshana Lew, executive director of the Colorado Department of Transportation.

And David Friedman, vice president of advocacy for Consumer Reports.

We want to thank our wonderful diverse panel of witnesses for joining us today. We look forward to your testimony.

At this time the chair will begin by recognizing Ms. Nichols for five minutes to provide her opening statement.
STATEMENTS OF THE HONORABLE MARY D. NICHOLS, CHAIR,
CALIFORNIA AIR RESOURCES BOARD; NICK LORIS, DEPUTY DIRECTOR
OF THE THOMAS A. ROE INSTITUTE FOR ECONOMIC POLICY STUDIES;
HERBERT AND JOYCE MORGAN FELLOW IN ENERGY AND ENVIRONMENTAL
POLICY, HERITAGE FOUNDATION; RAMZI Y. HERMIZ, PRESIDENT AND
CHIEF EXECUTIVE OFFICER, SHILOH INDUSTRIES, INC.; DAVID
SCHWIEERT, INTERIM CHIEF EXECUTIVE OFFICER, ALLIANCE OF
AUTOMOBILE MANUFACTURERS; JOSH NASSAR, LEGISLATIVE DIRECTOR,
UNITED AUTO WORKER; THE HONORABLE JEFF LANDRY, ATTORNEY
GENERAL, STATE OF LOUISIANA; THE HONORABLE SHOSHANA M. LEW,
EXECUTIVE DIRECTOR, COLORADO DEPARTMENT OF TRANSPORTATION;
DAVID FRIEDMAN, VICE PRESIDENT, ADVOCACY, CONSUMER REPORTS

STATEMENT OF MARY NICHOLS

Ms. Nichols. Thank you very much. It helps to turn the
button on.

I, with your permission, am not going to read my
prepared testimony, which has been submitted for the record,
except for one paragraph because it goes to something that
was said earlier this morning and to a rather shocking letter
actually that was released just today that I heard about from
the press, accusing me in advance of saying untrue things
about the status of the discussions between California and
the administration. So I am just going to read this piece of
"California has worked hard to address the challenge with the spirit of innovation we bring to all we do. We have met more than a dozen times with members of this administration including at the White House on multiple occasions to try to come to resolution.

"We have been open to accommodations that would adjust compliance, timing, and flexibility that would create new paths to promote innovative technologies and zero-emission vehicles and that would benefit the public.

Each time the Trump administration has been unwilling to find a way that works. Their claim that California offered no counter proposal is false. They unilaterally decided to cut off conversations, an action which the automakers have asked them to reverse."

I stand by every single word in that paragraph, Madam Chairman, and some of them are of particular significance, I think, because we have not talked publicly about precisely what was discussed in those meetings.

I was under the belief that the meetings themselves were confidential, being conducted under Chatham House Rules and we never released specifics of what we talked about in those meetings.

But I would state categorically that we proposed areas
in which we would be willing to come to a compromise with the administration and we never were told precisely what was wrong with any of those proposals. We were simply told that they were inadequate and that we had somehow failed to do our job by not bringing a proposal that the administration found to be acceptable.

We were told in December that the administration had decided to cut off any further attempts to talk with us and so that was the last conversation that we -- that we had.

Now, I want to talk a little bit about where we -- where we find ourselves at the moment. First of all, California is not here because we are seeking to defy the federal government.

We are in the business of setting emission standards for vehicles based on a provision of the Clean Air Act that, in turn, has been part of the Clean Air Act ever since there was a national Clean Air Act going back to 1970, which recognizes the unfortunate fact that California is both very big and a very important market for vehicles, and also has some of the worst air quality in the United States in any given year, both in the Los Angeles region and in the Central Valley.

So it is not only the city or urban areas. We also have severe air quality problems in our more rural areas, and these areas, in turn, are particularly affected by the
transport from large commercial vehicles that go up and down
the freeways and bring goods from our ports and to our ports
to locations throughout the United States but also have a
very serious impact on the health of the residents of those
areas.

So we have been working in these areas for a long time,
and I was personally proud to be part of the negotiations
that led to the standards that EPA and NHTSA are now
proposing to roll back.

I want to just address a couple of things that I think
were said or implied that I think are important for the
committee to understand.

On several occasions when asked a question by members of
the committee one or the other of the administration
witnesses said these were really complicated issues and
therefore they couldn't really address them directly.

The issues actually are not all that complicated. What
happened was that we adopted a set of standards that aligned
the CAFE standards with the emissions standards that EPA
administrers.

California, which derives its power from the Clean Air
Act, came to the table, was part of the discussions, and we
then agreed that these federal standards would serve as an
alternative to the California standards.
So we deemed the federal standards to be in compliance with California, thereby automatically accepting any car that needs -- car or light truck that meets the federal standards as meeting California standards, and we have been in that position together with the federal government for quite some time now, and we have wanted to be part of any discussions that happened about changes.

We have participated in the technical review of the standards. We have also agreed that there were issues that were not entirely contemplated at the time that we adopted those standards, although I think it is stretching it to say that the companies have not been able to comply because, in fact, we have had no companies that were in violation either of the Clean Air Act standards or CAFE standards ever, and up through this year.

Sometimes they have complied using credits that they had banked because of previous over compliance with the rule. But that's how the rule was structured.

I know I am using my time. So if you would like me to stop at this point --

[The prepared statement of Ms. Nichols follows:]

**********INSERT 3**********
Mr. Tonko. [Presiding.] Yes. We will have a ton of questions --

Ms. Nichols. Yes.

Mr. Tonko. -- and I agree -- I agree with your sentiments that some of these questions earlier were straightforward. But, Chair Nichols, we thank you for participating.

Now we move to Mr. Loris for five minutes, please.
STATEMENT OF NICOLAS LORIS

Mr. Loris. Thank you.

Chairman Tonko, Ranking Member McMorris Rodgers, Ranking Member Shimkus, and distinguished members of the subcommittee, thank you for this opportunity to testify today.

The views I express in this testimony are my own and should not be construed as representing any official position of the Heritage Foundation.

Fuel economy mandates harm American consumers by constraining choice and driving up prices for new and used vehicles. These costs have negative economic effects that ripple throughout our economy.

In this regard, I would like to make four brief observations.

First, consumers should control what type of cars they buy and drive. Consumers like saving money. They don't need the federal government to tell them that nor do they need the federal government to tell them how to do it.

If car buyers value fuel economy over other vehicle traits, they will choose to purchase a more fuel efficient car without any mandate in place.

In fact, a 2016 Journal of Public Economics study
examined consumers' willingness to pay for fuel efficiency based on changes in gas prices and found that consumers do in fact fully value fuel economy in the way that they should. However, consumers value other vehicle attributes such as weight, engine size, power and safety. When the federal government imposes more stringent fuel economy mandates, regulators override these preferences and skew investment decisions that automakers must make in order to comply with CAFE.

Second, forcing automakers to install various fuel-saving technologies is costly. Mandates that drive up the sticker price by thousands of dollars per vehicle will price buyers out of the market. Several teams of economists and engineers accurately predicted that the model year 2016 standards hurt consumers by at least $3,800 per car. My colleagues estimate that eliminating the more stringent standards will save 2025 car buyers thousands of dollars per vehicle more. Moreover, higher prices for new cars increase demand for used ones, causing the price of used vehicles to increase as well. Even after accounting for reasonable gas savings, economists find that fuel economy mandates impose net costs to consumers with low-income households being among the
hardest hit.

Higher prices reverberate throughout the market, which affects fleet turnover and, consequently, reduces fuel savings and emission reduction estimates.

My third observation is that fuel saving estimates from CAFE regulations are not only difficult to project but are also likely too generous.

When promulgating CAFE rules, the federal government projects gas prices several decades into the future. While those price scenarios are plausible, increases in oil supply and changes in consumer behavior could drive prices down either further and consumer would save much less money than projected.

Simply put, when gas prices are low, there is less value to higher fuel economy. Either way, the reality is it is difficult to project gas prices 30 weeks into the future, let alone for the next 30 years.

Importantly, many economic analyses of CAFE standards disregard the fact that households purchase more than one car. Three-quarters of American families are multi-car households and the purchase of their second or third vehicle may have less to do with fuel economy and more to do with size, storage, power, and other attributes that consumers desire.
According to a joint paper from economists at Cal Berkeley, MIT, and the University of Chicago, this substitution effect erodes a substantial portion of the estimated gas savings.

Furthermore, the well-known rebound effect and the lesser known scrapping effect negates some of the estimated fuel savings. The rebound effect occurs when people drive more because their vehicles are more fuel efficient and over time incentivizing more driving changes where people live and has perverse effects of creating more congestion.

The scrapping effect occurs because CAFE mandates affect prices in both the new and used car market. Changes in used car prices influence when owners decide to scrap their vehicles.

In a 2015 American Economic Review study, the authors note that the cascading price effects on used cars because of CAFE means consumers disproportionately hold on to their used gas guzzlers longer, resulting in additional fuel usage.

As more stringent fuel economy standards increase new and used car prices, the authors estimate that 13 to 16 percent of the expected fuel savings will leak away through the used vehicle market.

My fourth observation is that no matter one stands on the urgency to combat climate change, CAFE mandates are an
ineffective policy instrument.

By the Obama administration's own account, the 2012 to 2025 standards would abate less than 200th of a degree Celsius warming by the year 2100.

In conclusion, fuel economy mandates do far more harm to American families than good. Consumers should have the freedom to buy the vehicle of their choice.

Neither Washington nor Sacramento should exclusively dictate those decisions. Rather than relying on regulations, pricing signals and consumers preferences should inform car buyers' choices.

The federal government implemented CAFE standards under the false premise of imminent resource exhaustion. They are a relic of the past.

These mandates were not good policy in the 1970s and they make even less sense today in an era of oil abundance. Americans will be best served when consumers are fully in the driver's seat.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Loris follows:]

**********INSERT 4**********
Mr. Tonko. Thank you, Mr. Loris.

Next, we will go to Mr. Hermiz for five minutes. You are recognized now. Thank you.
STATEMENT OF RAMZI HERMIZ

Mr. Hermiz. Good afternoon, Chairman Tonko, Ranking
Member Shimkus, and Ranking Member McMorris Rodgers. Thank
you for inviting me for the opportunity to discuss the EPA
and NHTSA's proposal for greenhouse gas emission standards,
CAFE for light duty vehicles, and One National Program.

My name is Ramzi Hermiz. I am the president and CEO of
Shiloh Industries and I am also the chairman of the board of
the Original Equipment Suppliers Association, which is a
division of MEMA.

Shiloh is a U.S.-based company headquartered in Ohio
focused on developing and manufacturing technologies that
provide improved performance, environmental, and safety
benefits to the mobility market.

Shiloh has over 3,800 employees with operations in North
America, Europe, and Asia. Twenty-one hundred of those
employees are located in Indiana, Michigan, Kentucky, Ohio,
Tennessee, and Wisconsin.

MEMA represents more than 1,000 companies that supply
components to the automotive industry. The supply base is
the nation's largest sectors of manufacturing jobs, directly
employing 871,000 workers and creating more than 4.2 million
indirect jobs.
Every day companies like Shiloh work to provide job opportunities in the United States. We push ourselves to be world leaders in the development of innovative and safe technologies.

As leaders, we challenge ourselves and our teams every single day. Shiloh and MEMA support the challenge of meeting continued improvement to fuel economy and emission standards under One National Program.

We believe that this committee, through its leadership, has a unique opportunity to enable U.S. job growth, promote the U.S. automotive industry, and support U.S. technology leadership while benefiting the consumer and the environment.

Of the alternatives proposed, it is our view that the U.S. can most effectively seize these opportunities through alternative six and eight, which call for annual improvements to the standards.

My comments today will focus on three points: jobs, investment, and technology.

First, IHS market recently found that demand for technology created by alternative eight would result in the auto industry growing an additional 250,000 jobs by 2025 in comparison to a zero percent improvement path that would result in the loss of 500,000 jobs over the same period.

Second, a zero percent improvement path would strand
billions of dollars in its supplier investments made in the U.S. already that have transformed the industry's fuel economy and emissions performance.

Further, a continued improvement objective, coupled with One National Program will provide certainty in economies of scale necessary for additional investment in R&D, manufacturing, jobs and training which will create a competitive advantage for the U.S. automotive industry and lead to continued innovation, reduce compliance costs and provide more choices and value for consumers.

Third, continuous improvement to the standards will provide the U.S. industry with the structure and incentive to innovate here at home in the U.S. as we pursue global leadership in safe, fuel-efficient, and emissions-reducing technologies.

Finally, we urge you to set the objectives without specifying a specific solution as we believe that our industry will use its experience, ingenuity, and grit to success while providing the automakers and consumers and with a wide array of options.

Overall, our strategy for fuel economies and fuel efficiencies can be achieved through many different alternatives, light weighting being one of those opportunities.
In conclusion, in order to preserve and grow jobs in investments in the U.S. and support U.S. technology leadership, Shiloh and MEMA urge you to support continuous improvement to the fuel efficiency and emission standards and One National Program.

Thank you.

[The prepared statement of Mr. Hermiz follows:]

**********INSERT 5**********
STATEMENT OF DAVID SCHWIEBERT

Mr. Schwiebert. Good afternoon, Chairwoman Schakowsky, Ranking Member McMorris Rodgers, Chairman Tonko, and Ranking Member Shimkus.

I would ask that my formal written statement be submitted for the record along with the attachments that I submitted to the committee earlier. But I will give an abbreviated oral statement.

Ms. Schakowsky. Let me make sure that everybody knows who we are talking to. Mr. Schwiebert -- is that right?

Mr. Schwiebert. That's correct.


Mr. Schwiebert. Wonderful. I am David Schwiebert -- Ms. Schakowsky. Let me -- one other thing. I wanted you to know that in the anteroom here I was watching everything. So I saw the testimony. I don't want you to think that I left the room on you. I was just in the side room.

Thank you. Okay.

Mr. Schwiebert. Thank you, Madam Chairwoman. I am David Schwiebert and I am the interim president and CEO of the Alliance of Automobile Manufacturers and we represent 12 leading auto makers who hail from three countries who
manufacture over 70 percent of new passenger vehicles sold in the United States.

By creating jobs, fuelling innovation, building exports, and advancing mobility, automakers are driving the American economy forward. No other single industry is linked so much to U.S. manufacturing or generates so much retail business in employment.

Nationwide, nearly 10 million workers and their families depend on the auto industry. Auto makers are committed to a cleaner future and the auto industry has invested billions of dollars on power train development and that investment is paying off.

Automakers are providing customers with record-breaking choices in fuel efficient vehicles. Today, more than 490 models are available on sale that achieve at least 30 miles per gallon, an increase of nearly 70 percent from the 2012 model year, and more alternative power trains are on sale including 45 models of hybrids, 34 plug-in hybrids, 24 full battery electric models, and three fuel cell models.

These investments are making a difference both for consumers and the environment. Since 2005, real-world fuel economy has increased by over 27 percent.

These record gains are also important but they're not the only success story. Today, per mile carbon emissions
from new passenger vehicles have dropped 22 percent in just 15 years, which approaches the goals of the Paris Climate Accord for the U.S. to reduce economy wide greenhouse gas emissions by 26 to 28 percent over 20 years.

Alliance members have committed to a roadmap for fuel economy and clean car progress. According to consumer research, our customers want it all, which is why automakers are committed to offering more fuel efficient autos with fewer emissions and the latest safety technologies.

Automakers seek to accomplish this while working to keep automobiles affordable. Simply put, automakers support year over year increases in fuel economy that align with market demand and we support a data-driven fine rule in One National Program.

One national program is important for many reasons because in the last decade automakers have been subject to three different regulators -- NHTSA, EPA, and the California Air Resources Board -- pursuing similar objectives in different ways.

Redundant government programs drive compliance costs and that ultimately comes out of the wallets of our customers. Automakers worked with the three regulators to more closely align standards in two rulemakings covering model years 2012 to '16 and 2017 to 2025.
The result was that -- what is now called One National Program. Unfortunately, to this day we still have three separate programs. However, One National Program is still good policy to keep new vehicles affordable so more Americans can buy new vehicles, replacing older less efficient models.

Automakers also support a data-driven final rule. When the 2012 to 2025 standards were developed, the mid-term evaluation was planned to be completed by April of 2018, halfway through the 14-year rulemaking.

This evaluation was intended to compare assumptions made in 2012 or earlier with what was actually happening to evaluate whether future standards should be maintained or adjusted up or down, depending on a wide range of factors.

This is what -- this was an agreement by all parties -- automakers, the Department of Transportation, EPA, and CARB.

One market reality is clear. No factor is more relevant than gas prices, which remain significantly lower than projected in 2012 when fuel standards were last set.

As a result, consumers are buying more SUVs, pickups, larger engines and fewer automotive power trains like hybrids, electric vehicles than regulators expected.

The clear challenge facing automakers is that consumer preferences do not align with market targets originally envisioned back in 2012.
Under current federal regulations, automakers are judged by what consumers buy, not what they offer for sale in showrooms. Consumers have many different preferences, goals, or priorities when purchasing a new vehicle.

The market demonstrates that these many factors, notably, affordability, safety, reliability rank much higher than fuel economy. Despite record numbers of models of alternative power trains and fuel-efficient vehicles being offered in dealer showrooms, sales of these vehicles remain low -- less than 4 percent of all new vehicle sales last year.

If you remove hybrid vehicles, plug-in electric vehicles account for less than 2 percent of all sales nationwide. To put it concisely, at present consumer preference and market realities do not align with policy aspirations outlined in 2012.

The previous 22 to 25 standards do not reflect market realities and therefore warrant adjustments. In conclusion, this requires compromise, understanding, and a willingness to find a path forward that serves all interests and this is why automakers remain steadfast in our support for an agreement that balances environmental goals, consumer preference, and market realities.

When it comes to fuel economy, the auto industry is
committed to ongoing progress and a journey that has no end. After all, automakers have invested substantially in energy-efficient technologies that we would like to see consumers embrace. We expect that fuel economy will keep rising. The only issue is at what speed.

Thank you.

[The prepared statement of Mr. Schwietert follows:]

**********INSERT 6**********
Ms. Schakowsky. Thank you, Mr. Schwietert.

Let me now recognize Mr. Nassar for five minutes.
STATEMENT OF JOSH NASSAR

Mr. Nassar. Thank you, Chairwoman Schakowsky, Ranking Member McMorris, Chairman Tonko, and Ranking Member Shimkus and members of the committee for the opportunity to testify today.

I am testifying here on behalf of, and it is a real honor, of the 1 million members and retirees of the United Auto Workers, our president, Gary Jones, and the International Executive Board, and I want to just talk about why we care so much about this.

Obviously, a lot of our members work in the industry and their very livelihoods are on the line here with the decisions that are made.

It is not just that. It is also the wellbeing of our retirees is greatly dependent on the success of the auto industry. So, simply put, we look out for what is best for our members and what is going to create the most good jobs. That's our priority here.

Now, as far as this proposal, we, after real careful consideration, we do not support the preferred alternative because we are really concerned that it is going to actually stifle companies from innovating and also from, you know, competing in a global economy as far as being export markets.
And I do want to say that, you know, many of the new technologies you see in cars and more efficient cars are built here in the United States and we want to keep it that way.

Now, for us another reason why we oppose this because protracted legal chaos and just uncertainty of what's going on really does damage investment decisions. It absolutely does.

So our concern is how policies being made today impact workers today and tomorrow. And so, in other words, for us this is not an abstract exercise and I could point to new technologies that our members make that probably would not have been made without the existing standards.

So, for us, you know, we really see this as something that can be a win-win. I mean, we are proud of the role we played in setting -- helping set previous standards where there was compromise where people did work together, and we think that should happen again.

We also do believe that, you know, very much that climate change is real and that we really have to do something about it. We all have an obligation.

So good CAFE and THC policy is good for our membership. It is good for the auto industry, if it is done right and it has to be done right, and the only way that's going to happen
is if all the parties are around the table working on a compromise. That's what we want to do. That's what we did last time.

Now, there are a lot of headwinds facing auto workers.

Over the past 15 years wages -- when adjusted for inflation, wages have dropped over 20 percent for auto workers and parts and final assembly -- over 20 percent, adjusted for inflation.

So -- and those are official states. So for us we are looking at, you know, why is that the case, and there's a few -- there's many, many reasons. One has to do with, you know, frankly, we have trade agreements which have really encouraged offshoring and we are hoping that these adjustments made to trade agreements that will deal with that situation.

You know, we also -- there are perverse incentives in our tax code to -- that really reward companies investing overseas rather than in the U.S.

We also lack an industrial policy as far as worker training and really encouraging workers -- you know, an alternate career path to college. We don't -- really don't do enough to encourage that at all.

And, you know, at the end of the day, what -- we also have very weak labor laws and we have a lack of enforcement
of our labor laws, which has really led to a really hostile environment many workers face.

These are the reasons why wages are dropping. It is not because of CAFE standards. So CAFE standards are not the main problem facing auto workers is what I am here to say.

And finally, I want to talk for a minute about EVs. There's been a lot of talk about EVs.

We agree there's a low acceptance. It is just -- the question is the world's moving forward with EVs; what are we going to do to make sure they're made here in the United States.

We are really concerned that more and more EVs are made overseas. If you look at a lot of investments from the companies, and we are falling behind as far as, you know, building a lot of the technologies here in the U.S. and we are worried that trend is going to continue.

The CAFE standards help encourage some of that. But we need other policies, too. We need to really improve the infrastructure for charging stations. We also think that companies who receive federal subsidies through the tax code or otherwise do have an obligation to build more in America and to treat their workers right. That is not the case today.

So for us, this is a situation where we can have a win-
win. We have had a win-win. But that's going to take a different approach and I just want to say we are ready to work with everyone and this should not be a partisan issue. This is about what's best for the U.S. and what's best for workers.

Thanks for your time. Look forward to answering your questions.

[The prepared statement of Mr. Nassar follows:]

**********INSERT 7**********
Ms. Schakowsky. Thank you, Mr. Nassar. You hit it right on the button, too.

Now Mr. Landry, you're recognized for five minutes.
Mr. Landry. Thank you, Chairwoman Schakowsky, Ranking Member Rodgers, Chairman Tonko, Ranking Member Shimkus, and members of the committee. Thank you for the opportunity to testify today.

As stated, I am Attorney General Jeff Landry from the great state of Louisiana. Before I begin, I would like to acknowledge my former colleagues in the 112th Congress who are here on the committee.

It is great to see so many of my friends before me. I was honored to serve in this body on behalf of Louisiana's 3rd Congressional District and I am grateful for the opportunity to testify before the people's representatives.

I am here today to support the administration's proposed safer affordable fuel-efficient vehicles rule, which will safeguard lower-income Americans from unnecessary costs, increases on newer safer vehicles. I support the proposal for the following reasons.

One, a national standard should apply. Congress has made it clear that a single policy should apply and no compelling air quality concern exists that is unique to one state.

California should not be able to effectively dictate
fuel economy standards, tailpipe emission requirements, and mandates for zero-emission vehicles for Louisiana and the rest of the nation.

When a state is allowed to usurp congressional intent for their own design, all other states in our republic suffer, and by enacting its own regulations California is circumventing Congress and use its size to create a de facto national fuel efficiency framework affecting the national economy.

Recognizing this abuse of authority, I joined a coalition of other state attorneys general in requesting the administration revoke California's waiver for emissions regulation.

Number two, the rule of law should be -- it must be upheld. I am a firm believer in the separation of powers and the rule of law.

I am committed to these principles even when it may not be politically prudent to do so and I recognize that maintaining consistency in these arenas is critical for our republic and our economy to thrive.

I also concur with the assertion in a proposed rule that state-based greenhouse gas tailpipe standards mandates are preempted under the Energy Policy Conservation Act of 1975.

That legislation was enacted to address the United
States dependency on OPEC by establishing uniform motor vehicle fuel economy standards across the nation.

Unfortunately, it is impossible to achieve those uniform standards under current federal policy. Instead, the voters of states that prefer more stringent standards are allowed the latitude to legislate as they see fit while voters in states that prefer less stringent standards find themselves subjected to the more stringent state standards.

When we allow one state's authority to increase federal standards for the entire nation while preempting any state that seeks to decrease them, we are acting inconsistent with bedrock principles of federalism.

The current policy originated with the purported waiver issued under the Clean Air Act. I agree that this ostensible waiver was likewise preempted by the terms of the Energy Policy Conservation Act.

Contrary to the Environmental Agency's prior interpretation of the correlation of these statutes, state standards preempted under the Energy Policy Conservation Act cannot rationally be afforded a valid waiver of preemption under the Clean Air Act.

Number three, California's CHG waiver is inconsistent with the Clean Air Act. Finally, I believe that the administration improperly approved the California GHG waiver
as it is inconsistent with Section 209 of the Clean Air Act.

After the Bush administration rejected California's application in 2007, the Obama administration granted it in 2009. In doing so, EPA completely disregarded its own administrative duty and refused to consider opponents' waivers argument.

California was then allowed to enact its own emissions regulations. There is no sound basis on which to conclude that California standards address compelling and extraordinary air quality concerns unique to California.

Finally, manufacturing costs associated with a moving target standard create a great burden on our citizens. Accepting this approach will increase costs that are borne by consumers.

We should not be in the business of letting one state drive the policy of the nation. This is inherently undemocratic and, in this case, inefficient to accomplish national goals.

I support the implementation of President Trump's safe vehicle rule and urge a revocation of the EPA's previous waiver to California. After all, CAFE does not stand for California Assumed Federal Empowerment.

Thank you very much for your time. I look forward to answering your questions.
[The prepared statement of Mr. Landry follows:]

**********INSERT 8**********
Ms. Schakowsky. And now I recognize Ms. Lew for five minutes.
STATEMENT OF SHOSHANA LEW

Ms. Lew. Thank you, Chairwoman Schakowsky, Ranking Member McMorris Rodgers, Chairman Tonko, Ranking Member Shimkus, members of the committee.

My name is Shoshana Lew and I am the executive director of the Colorado Department of Transportation. Thank you for inviting me here to address the state's opposition to the proposed rule which would freeze fuel efficiency standards that require year over year improvements to cars and light trucks.

With the transportation sector on track to become the leading source of emissions in Colorado, it is of the utmost importance that we act boldly and aggressively to reduce congestion in the air and on the road.

Achieving a cleaner fleet is a key component of Governor Polis's roadmap to achieving 100 percent renewable energy by 2040.

At the state level, we are making tremendous progress. Colorado electric vehicle sales in 2018 were over 22 times what they were in 2016. We are cutting ribbons at charging facilities.

We are building fast-charging stations along five major routes and our legislature and governor enacted a range of
bills to accelerate electric vehicle updates including extending tax credits in 2025.

We are encouraged to see bipartisan collaboration in our legislature and cooperation between states and local partners. We are also encouraged by the commitment that automakers and dealers are showing to expanding ZEV sales in Colorado.

This is an important moment with great promise for cleaner cars if we move together to move the ball forward. Unfortunately, the Trump administration's proposal and the contentious tone that it has perpetuated nationwide threatens just the opposite.

If finalized, this proposal would unravel and effective consensus-based program that has brought together federal agencies, states, automakers, and environmental and labor partners.

The proposal would also seek to undermine states' rights to retain strong standards. Improving the fuel efficiency in cars and trucks has historically transcended federal administrations and party lines.

Both the Bush and Obama administrations increased fuel standards and fuel economy has improved by over a quarter since 2004.

Predictable standards help industry to focus on
improvements that benefit the environment, create jobs, and keep the American auto industry competitive.

By contrast, if federal agencies finalize their current proposal, it will be rightly challenged, creating needless uncertainty for an industry that employees over 7 million Americans including over 3 percent of Colorado's workforce.

In sharp contrast to the administration's proposal, calls to compromise on a continued program of strong national standards have been widespread from states, car makers, suppliers, and utilities.

The Alliance of Automobile Manufacturers has repeatedly encouraged collaboration to retain a program of strong standards that continue increasing fuel economy year after year because, quote, "climate change is real and we have a responsibility to reduce greenhouse gases."

This month 17 automakers reiterated that call in letters to President Trump and Governor Newsom, asking for a, quote, "unified standard with consensus that includes states at the negotiating table."

Even President Trump at one point directed his team to make a deal with California that that directive was followed by the current flat line proposal which is based on deeply flawed modelling conclusions that defy common sense.

Let me give you just a few examples. First, while
conserving energy is the premise of NHTSA's statute, they argue that cutting oil consumption is now a lesser priority. Their proposal would increase U.S. fuel consumption by about half a million barrels per day. It is no surprise that much of the oil industry supports that pathway, though recently several oil companies have called for consensus as well.

Second, new modelling of consumer behavior doesn't make sense, though it is a good idea to analyse this topic further in the future.

For example, modelling predicts that stronger standards by virtue of increasing retail costs would depress new car sales, keep many more old cars on the road with the new cars they displace, and result in 692 billion extra miles driven because of higher standards.

In the real world, why would you defer one new car purchase, hold on to multiple old ones, and then drive farther to the grocery store than you would have in a shiny new crossover?

Third, the model shows that freezing standards would reduce roadway fatalities by 12,700, breaking from a long literature on the relationship between safety and fuel economy.

The model is driven by problematic and internally
conflicting assumptions about how stronger fuel standards would increase driving and crashes. Vehicle weight, the best research area in the safety literature and fuel economy, accounts for just 1.2 percent of assumed total fatalities.

These are just a few examples of the many problems with this proposed rule. There's a lot here that needs to be fixed, and serious and substantive dialogue between all parties could still yield a thoughtful resolution if the administration were willing to come to the table rather than force to conclusion a deeply flawed and ideologically-driven proposal that lacks the backing of stakeholders across the country.

Thank you. I look forward to your questions and I would ask that my full statement be submitted to the record.

Thank you.

[The prepared statement of Ms. Lew follows:]

**********INSERT 9**********
Ms. Schakowsky. Let's see. Thank you.

And Mr. Friedman, you are now recognized for five minutes.
STATEMENT OF DAVID FRIEDMAN

Mr. Friedman. Thank you, Chairwoman Schakowsky, Ranking Member Rodgers, and Ranking Member Shimkus and committee members. Thank you for inviting Consumer Reports to testify today.

Now, we are here because the current administration, at the request of automakers and oil companies, has proposed to take money out of consumers' pockets to harm auto sales and to reduce our nation's energy security, all while failing to address a public health epidemic on our nation's roads.

Consumer Reports is a data-driven nonprofit so let's start with some facts. First, newer cars are safer and more efficient, thanks primarily to NHTSA's safety and fuel economy standards.

The former saved more than 600,000 lives through 2012 and the latter will save Americans over $660 billion, going forward.

Second, Consumer Reports survey after survey show that consumers want safer, more fuel efficient vehicles and yet they face very limited choices on both counts when automakers don't have to meet strong efficiency and safety requirements.

Just look at the rollover-prone gas guzzling SUVs of the '90s as Exhibit A. Finally, Americans like to spend money
when they can afford it. So when consumers save money, thanks to strong fuel economy standards, they spend it on things like going out to dinner, getting cool new tech, and buying new cars with more safety features.

As we've seen over the last decade very clearly, this creates jobs, boosts auto sales, and insulates our economy from future price shocks.

Despite these clear facts, the current administration released a plan to roll back fuel efficiency and emissions standards based on fundamentally flawed proposal filled with errors, untested modelling, faulty logic, and unsupported conclusions.

I have to say, before, during, and after my time at NHTSA, I had never seen anything like this come out of the joint NHTSA and EPA efforts. Quite the opposite.

In the end, it appears this administration was so determined to roll back the standards that no fact, no data, and not even basic economic theory would stand in their way.

Making matters so much worse, they actually claimed and continue to falsely claim they're doing it for safety.

Members of the committee, over the last 22 years more than 7.5 million Americans were injured and more than 90,000 were killed in traffic crashes. And yet, Department of Transportation leadership has failed to finalize or even
propose a single significant life-saving vehicle safety standard. That is not putting safety first.

No wonder people aren't taking their claims seriously.

So let me end instead where I started, with the facts.

One, time and again, consumers, leading academics, and researchers and the agencies themselves have made clear that strong fuel economy and emission standards are in the best interests of consumers and our nation.

Two, the data show there is no such thing as an affordability crisis in today's car market. In fact, sales rose steadily since 2009 and have been at or near record highs since 2015.

Consumers with more money in their pockets are simply spending more on bigger vehicles with more luxury features. If you take those away, inflation-adjusted prices for new cars have not changed, even while cars got more efficient and safer and the price of used cars has actually dropped.

Third, when it comes to highway safety, at worst the standards will have absolutely no effect. At best, raising the standards will provide a small but positive effect by taking dangerous weight out of the heaviest vehicles and helping consumers afford newer safer vehicles.

At the end of the day, Americans are more likely to upgrade to newer cleaner cars if they're actually on the
market and if consumers have more money in their pockets to
buy them because they're spending less on gas.

And when it comes to safety, the only way to guarantee
that those newer cleaner cars will be safer is if DOT
leadership allows staff to propose and finalize strong new
safety requirements for technologies like automatic emergency
braking with pedestrian detection and vehicle-to-vehicle
safety communications tech.

That is the future we can all look forward to if
existing fuel economy and emission standards are kept in
place and DOT leadership lets NHTSA get back to its safety
mission.

Thank you again, and I look forward to your questions.

[The prepared statement of Mr. Friedman follows:]

**********INSERT 10**********
Ms. Schakowsky. I thank all of you for your testimony and I now want to begin the section where we ask questions of the witnesses. Each member will have five minutes and I will begin.

Let me just start with a statement that clean car technologies do not develop in a vacuum. Automakers produce vehicles that are more fuel efficient and less polluting because of fuel efficiency standards.

That's why Congress gave NHTSA the mandate to set the, quote, "maximum feasible," unquote, fuel economy standards.

So Mr. Friedman, will automakers, given your experience with NHTSA and being a regulator yourself -- will automakers voluntarily produce vehicles with the maximum feasible fuel efficiency or are federal standards absolutely necessary?

Mr. Friedman. History makes clear that unless fuel economy standards are increasing, automakers leave technology after technology on the shelf -- technology that could be saving consumers millions of dollars they don't put to work without standards.

Ms. Schakowsky. And we haven't seen a scenario where the kind of innovation -- I think you mentioned that, Ms. Lew -- that develops from these standards has then hurt the auto industry. Is that true?

Mr. Friedman. Quite the opposite. I mean, A, it is
basic economics. If people are saving money on gas, they're going to spend it in this country and they're going to spend it on a whole host of different things, including buying new cars. The last 10 years have shown this very clearly. Auto sales are up. Fuel economy is up. Safety is up.

Consumers can have their cake and eat it, too, as long as they've got a government watching out for their backs.

Ms. Schakowsky. Thank you.

Without standard setting -- with standards setting a target for the automobile industry, there is no certainty for companies developing clean car technologies in this country.

Billions of dollars of investment and thousands of jobs will go overseas to countries that prioritize clean air and oil independence.

So, Mr. Nassar, I want to ask you, would auto manufacturers continue to invest in American clean car development, engineering, and manufacturing should the clean car rollback go into effect?

Or would this investment go overseas? Are we losing the opportunity to export clean car technology and set the standard for the global market?

Mr. Nassar. Thank you for the question.

Absolutely, standards encourage the development of new technologies in vehicles here and there is a real danger that
if you have -- you know, if you don't have standards or if you have standards that don't push at all that'll be done elsewhere.

A big lesson is here, too. We need to have diverse fleets, okay, because oil prices, yes, they are low now but that can change, and we've lived -- this has already happened. We don't need to repeat history here.

So it is really going to be important that we have standards and I think to be sensible, but we got to have standards that really do encourage, you know, new technologies here.

I just want to point out that the vast majority of lithium ion battery production is supposed to -- is projected by 2021 to be in China, and so as a country we really have a lot to do to get those new technologies here.

Thank you for your question.

Ms. Schakowsky. Thank you.

Let me ask another one, Mr. Nassar. How would weakening our nation's fuel economy standards impact the UAW members and the auto industry and how has the uncertainty impacted the workforce and why should all members of this committee be concerned about the potential economic impact of the proposal?

Mr. Nassar. Yes. Well, the reality is that, you know,
investments for -- in plants and new vehicles have to be made many years out -- many years out -- and you really do need to know where we are heading.

And the fact that we don't know where we are heading is creating some real problems because companies are -- they're global and they look around the world and at places where there is more certainty, where they do know where they're heading, that's where they are inclined to make more of the investments.

As I said before, you know, we have other policies -- tax and trade -- that hurt as well. But absolutely it is going to be important to have strong standards here.

Ms. Schakowsky. Thank you.

And, Mr. Friedman, again, if clean car technology and production moved overseas, what actions would American consumers have if they want to buy next-generation clean vehicles?

Mr. Friedman. Well, it looks like they'd be out of luck. Maybe they could spend some extra money and fly overseas. But if the technology isn't available here they can't get it. It would, basically, leave it off limits to the average American and that's just not good for consumers or our nation.

Ms. Schakowsky. Thank you.
Mr. Nassar, how can Congress and the administration best protect these jobs?

Mr. Nassar. A whole host of policies. We really need to have a pro-labor law, like, pass the PRO Act is going to help -- would help a lot. You need tax policy. You need to have sensible standards that last for a long time and investments in new technologies here. Make sure they're made here and with good worker standards. That would help a lot.

Ms. Schakowsky. Thank you very much.

I yield back, and the chair will now recognize Ms. Rodgers, subcommittee ranking member, for five minutes to ask questions.

Mrs. McMorris Rodgers. Thank you, Madam Chair. Thank you all for being here today. I am always -- I am always amazed with American ingenuity and the entrepreneurial spirit, and we time and time again lead the world in new innovation and thinking of the better ways to solve our problems, and I think this is an important discussion today.

America also leads the world in environmental standards and setting -- really, leading the world in combatting -- in bringing down carbon emissions. I do think it is noteworthy that the average car today costs $37,000. For most hardworking Americans, that is out of reach for them, and from 2016 to -- when you look at fatalities in America, 2016
to 2017, 2017 to 2018, we had the largest increase in fatalities in 50 years.

Thirty-six thousand people died. So there's a lot of considerations that go into making these decisions that are before this Congress in this discussion today.

It is great to have former colleague and the attorney general of Louisiana here. Mr. Landry, I wanted to ask you just why do you support the safe vehicles rule?

Mr. Landry. Well, again, there's this -- still a clause in the Constitution called the commerce clause, which is -- which is supposed to allow the federal government in certain circumstances to allow for national standards and so to allow for California to dictate its policy on the rest of the country would be problematic and, again, would be in violation of the commerce clause.

Mrs. McMorris Rodgers. Okay. Thank you.

Mr. Schwietert, in a letter sent by several of your member companies on June 6th, it stated that, quote, "market conditions have changed materially since 2011," and then it went on to say that the administration's decision to review and update future auto standards was the proper choice.

And you described the current program as untenable. Why is the current regulatory structure untenable for automakers? What are we leaving on the table in jobs and R&D investment
with fines if the current program is locked in place with litigation?

Mr. Schwietert. Thank you for the question. I think that it speaks to something that auto manufacturers are committed to and that's a concern about effectively breaking up One National Program, which could lead to a bifurcated market.

So you're absolutely right. As it relates to the standards that were set back in 2012, if standards aren't right sized, that causes concern not only for litigation risks and investment risks but also what consumers can actually afford.

So that's ultimately why automakers have been clear from the beginning that we support a re-evaluation of the standards that were envisioned back in 2012 because market conditions have changed.

Mrs. McMorris Rodgers. Thank you.

Mr. Loris, can you explain further why you have described the proposed safe vehicles rule as a welcomed, quote, "victory for consumers' wallets?"

Mr. Loris. Sure. Again, I think the fundamental aspect here is consumer choice, and while there are a lot of vehicles in the marketplace today, consumers do have choices.

Every time the federal government chooses to impose more
stringent standards, they're overriding that choice. They're taking opportunity costs away from manufacturers to invest in different technology that ultimately consumers might want.

So from a consumer standpoint, I would rather see the automakers make cars that people want to buy. I think that's the first fundamental problem with CAFE standards.

The second issue really is price. We've seen across the academic literature that every time fuel economy standards are more stringent, they impose higher prices that ripple throughout the new and used car market.

Mrs. McMorris Rodgers. So it is my understanding right now nationally 4 percent of vehicles are the alternatives -- 1.2 percent are electric.

Ms. Lew, I just wanted to ask what percentage of vehicles in Colorado are electric?

Ms. Lew. This past year's sales were just in excess of 7,000. I can get back to you on the percent of the total market. But that was nearly double what it had been the year prior and the year prior to that.

Mrs. McMorris Rodgers. Okay. I'll look up, then, what percentage. I was just curious if you were meeting the national standard or not. Anyway, I am going to yield back.

Mr. Friedman. Just to clarify, no electric vehicles are
required to meet the national standard and projections, even
by 2025, indicate even a couple of percent or two is more
than enough and we are already at or above that level.

I would also just quickly say --

Mrs. McMorris Rodgers. Excuse me. My time has expired.

I will yield back. Thank you.

Mr. Cardenas. [Presiding.] The gentlewoman yields
back.

Next, we have the congresswoman from California,
Congresswoman Matsui, for five minutes.

Ms. Matsui. Thank you very much, Mr. Chairman.

Chair Nichols, it is nice to see you here -- my
constituent. That's great. I want to thank you for the
extraordinary work you have done throughout your career to
really clean the air not only for Californians but all the
rest of the country.

And for the last decade, you have been at the forefront
of the fight against climate change and to improve public
health.

Now, I just want to make a comment here that I just
found it kind of rich that Administrator Wheeler wasn't here
to testify today but I think you addressed this. He sent a
letter supposedly refuting your testimony.

But I am going to say, it is hardly surprising that he's
hiding behind the letter instead of joining us here today because it is kind of a pattern of behavior -- refusing to negotiate with California in good faith.

So enough said about that. I want to ask you a couple questions about the zero emission vehicle waiver. Chair Nichols, the fight against climate change and the fight to clean our air and improve public health are intertwined.

Decades ago, California's leadership contributed to the creation of the modern catalytic converter. In 1990, California implemented a requirement that companies sell zero emission vehicles to help achieve federal clean air goals.

Yet, the administration attempts to justify revoking California's ZEV waiver on the grounds that it is solely about carbon pollution.

Chair Nichols, can you describe the role of ZEVs in meeting health-based air quality standards, reducing emissions of toxic pollutants as well as meeting greenhouse gas reduction targets?

Ms. Nichols. Thank you, Ms. Matsui.

First of all, I want to make it clear that as Mr. Friedman said earlier, the CAFE law and the emissions law that we are talking about here today, the regulations, do not contemplate electric vehicles. Any kind of zero emission vehicles are not covered by these regulations.
That is actually a part of what makes this whole effort somewhat of a parallel universe to what's actually going on in the real world where all the car companies are investing heavily in the transition to either hybrids or all electric vehicles and they are not doing that because of California's mandates, although I think we played a role in getting that started and we are by far the largest market -- now four electric vehicles.

But because it is now quite clear that the world as a whole is moving in the direction of electrified transportation and all of the companies want to be competitive, not just in California or in the U.S. but in the international and the global market as well.

Our interest in these vehicles stems from our concerns about air quality, however, and it is really based on the fact that -- and there is a connection here, of course -- using -- burning petroleum is the source of the emissions that cause health harm in all of our communities, both urban and rural.

Burning of gasoline as well as the production, distribution, et cetera -- the network, if you will -- is the major contributor to health-harming air pollution, even now with all the tremendous progress that the industry has made and which we commend them for.
Ms. Matsui. Right.

Ms. Nichols. The sheer numbers of vehicles are such that we continue to have a serious problem.

Ms. Matsui. Now, could I ask you -- I think you may have seen that we had the EPA Administrator Wheeler before the committee in April and I asked him about the proposed rule and he claimed that the carbon dioxide reductions in the safe vehicles rule would be pretty similar to what the Obama administration would have received under their rule.

Chair Nichols, CARB has obviously done extensive analysis on this. How would you respond to this claim?

Ms. Nichols. I, frankly, don't know to what Mr. Wheeler was referring. The proposed rule initially had a number of different alternatives that they took comment on. But the preferred alternative and the one that we understand is going to be sent for the final rule did not involve any continued improvement in emissions.

And so the assumption had to be that somehow by the magic of the market that consumers would go out and buy these vehicles because they'd be cheaper and therefore we would see a faster fleet turnover.

But that same analysis in the -- again, in the proposal was that there would also be a safer rule. We would have more safety because people would buy cars but they wouldn't
drive them. So they would be leaving the cars in the garage, in effect.

We've also seen some, frankly, unsupportable citations in the rulemaking record regarding the costs of the standards in any event with wild swings.

Somehow between President Obama and President Trump the cost doubled. Just happened that way without any noticeable change in the state of the economy.

So I think we are sceptical. We, of course, will look very closely at whatever the final regulation is. But that's all I can say.

Ms. Matsui. Okay. Well, thank you very much for appearing today, and I yield back.

Mr. Cardenas. The gentlewoman yields back.

And next we have the gentleman from Illinois, Congressman Shimkus.

Mr. Shimkus. Thank you, Mr. Chairman, and I don't want to tangle with my friend, Doris Matsui. She's just too nice of a lady, and I am glad Debbie Dingell is here because I think the --

[Laughter.]

Mr. Shimkus. Well, I will tangle with her but she'll tangle back.

You know, the elephant in the room is are you guys
talking or are you not, and are we going to get to some type
of agreement. So I would like to ask unanimous consent that
this letter that we are all talking about that I don't think
has been appropriately asked to be submitted for the record
be submitted for the record.

Mr. Cardenas. Without objection, so ordered.

[The information follows:]

**********COMMITTEE INSERT**********
Mr. Shimkus. Thank you. And, Mary Nichols, it is great to have you here. Obviously, you work for the state of California. I have great respect. Don't take this in any adversarial role. We are just trying to get the answer.

So Administrator Pruitt -- I mean, Wheeler -- in this letter said, "When she finally offered a counter proposal maintaining the previous administration's standard with one extra year of compliance, she" -- referring to you -- "conveyed that outgoing Governor Brown and incoming Governor Newsom had not approved her counter proposal. She also informed me that the Attorney General Becerra had not approved her counter proposal, having already said she planned to sue -- that he planned to sue EPA. Further, she informed me that the members of the California Air Resources Board had also not approved her counter proposal."

Of course, now, the letter is a couple more paragraphs. I think you saw it. True or false, or yes or no, or --

Ms. Nichols. How about if I say out of context and therefore false? Because he's taking words that were stated on different occasions about different things and putting it together.

Mr. Shimkus. So maybe -- yes, reclaiming my time. You know, I know Debbie Dingell pretty well. I think what she and I would want to do is get you two in a room and see what
the facts are and see how we can get some negotiated agreement, because I think everyone said we need a national — we need a national standard. We don't want to destroy federal -- there's the interstate commerce clause.

We don't want it perceived -- I am telling you, rural southern Illinois, if it is perceived that California is driving this train, that's not positive, right. Just telling you. How about it, Larry, right? Same thing in southern Indiana.

So we just need a national standard. We need to move forward. We need to get in the room and someone -- it could be he said she said. But until -- we are not going to know that until we get focused and I hope we do that sooner rather than later.

You know, President Trump was elected to be a disrupt or, and he has -- and he disrupts about everything in agencies and in government. And I will tell you there's a lot of people in this country who like that. They feel government is too big, costs too much, and directs us and tell us what's best for us.

I think that's the gut of this problem, too, is that I want to make my own decisions. I want the autos to build cars that I want to buy. I don't want big government and a nanny state telling me, well, it is best for kumbaya and the
world and you can only have these type of choices. That's
the -- that's the uniqueness of this environment we are in.
And so eventually -- I tell people -- they think we are
very dysfunctional here in Washington and we are, most of the
time -- we eventually get to compromise and that means give
and take on both sides.
So I would appeal to you all and I would appeal to the
EPA. You know, we had our -- the first panel. They said
they're willing to talk. They're willing to listen, and I am
sure there's some of us that would -- if there's any way we
can offer assistance in getting people into the room I think
we'd be willing to do that.
Ms. Nichols. May I just comment on the elephant that's
in that -- in the room, and that is the option of California.
Mr. Shimkus. And it is not me.
Ms. Nichols. No, it is -- it is not you, sir.
Mr. Shimkus. I've got my elephant tie on.
Ms. Nichols. This is about the fact that in those
discussions it was made very clear to us from day one that
this administration was determined to take away California's
waiver for the current standards that we have in effect as
well as for any future standards and then we were told it was
up to us to come up with a counter proposal that the
administration would accept and if they somehow found it
acceptable they might possibly -- and this was really only
hinted at -- consider not moving right away to take away the
waiver.

I ask you whether you or any state official, if you were
a state official, would have considered that to be a starting
point for negotiations, when you're already being told that
there's a determination to treat you as illegitimate to begin
with.

Mr. Shimkus. Well, I am in the minority party so that's
not a good person to ask right now.

[Laughter.]

Mr. Shimkus. So but I appreciate it and thank you for
your service.

I wish I would have had five minutes with all of you but
I wanted to make sure we addressed this issue.

I yield back.

Mr. Cardenas. The gentleman yields back.

Next we'll go to the gentleman from Oregon, Congressman
-- California, I am sorry -- McNerney. Yikes.

Mr. McNerney. Yikes. Yeah.

[Laughter.]

Mr. McNerney. Well, anyway, I thank the chair and I
thank the panel. I will say really good testimony. I
appreciate all of you really and I appreciate Mr. Shimkus's
willingness to be bipartisan and compromise. So we'll work it out.

Chair Nichols, I would like to ask about the success story of the Clean Air Act, which is that the government sets the industry standards and then industry figures out best how to meet those standards. So please answer briefly, if you would. What role do you think California regulations have played in driving innovation? What do you think their proposal rule would do to incentives for innovation?

Ms. Nichols. Over the years -- thank you, Mr. McNerney -- the California standards have resulted in a number of important innovations, one being, of course, the catalytic converter, which was first adopted in response to California's emission standards and then became a national standard and another being on-board diagnostic equipment, which took away a lot of the questions and burdens for certification of vehicles because there's now a computer chip that basically tells you what's going on with the car. So it has been very successful.

Mr. McNerney. Well, there is plenty of -- there is plenty of examples.

Ms. Nichols. Yes. So there is lots of examples of that. The current proposal, we believe -- and I think this is what the industry has said, by taking away the year over
year improvement requirement is assuming they go forward with this proposal -- does take away a major incentive for continuous improvement by the industry.

So we think it is a step backwards.

Mr. McNerney. Thank you. On another topic that's similarly related, my understanding is that there was substantial technical collaboration between the EPA, NHTSA, and CARB in the past. Is that correct and did that happen in the development of this proposed rule?

Ms. Nichols. It did not. There has been a long history of EPA and CARB working together, taking on different pieces of analyses, sharing information at the technical level, and this did not happen in this rule at all.

Mr. McNerney. Thank you. Well, I urge the EPA in this to invite Chair Nichols back to the negotiating table and do this again in earnest.

Mr. Hermiz, you had an interesting testimony. I appreciate your comments. At one point, you said you were -- you urged objectives but without specific prescriptions -- something in those words. Could you elaborate on that a little bit?

Ms. Nichols. When I was referring to the negotiating process or --

Mr. McNerney. No, I was talking to Mr. Hermiz. Mr.
Ms. Nichols. Oh, excuse me. I am sorry.

Mr. Hermiz. That's okay.

From our perspective of Shiloh and MEMA, we are pursuing and feel that alternative six or eight would bring both jobs as well as investment into the U.S. and continued growth.

So we feel that it is important to have continuous improvement -- year over year improvement in the CAFE standards. We did recommend alternative six or eight.

Mr. McNerney. Okay. But you don't want specific prescriptions?

Mr. Hermiz. Well, in alternative six and eight they had 2 percent and 3 percent objectives built in. The difference between six and eight was just the year that they started.

So there is specific numbers in that proposal. There is the different alternatives presented. There was a different percentage.

Mr. McNerney. Thank you.

Ms. Lew, you refuted the safety claims that are made by the administration. Could you detail that a little bit, please?

Ms. Lew. Yes. First, I would state that safety is the highest priority in transportation policy and there's a long history of this being considered as a factor when setting...
fuel economy standards. It has always been part of the
process of contemplating the standards.

The issue in the way that the matter of safety has been
treated is that it kind of evolves based on the very faulty
assumptions about driver behavior. There are kind of two
pieces that go into that.

One is much inflated assumptions about what's called the
rebound effect, which is the assumption that more fuel
efficient cars make people drive more. The second is
actually a claim that is in the opposite direction, which is
that stronger fuel economy standards make people keep a lot
of old cars and then those old cars drive more.

The combination of these two factors is that the model
projects a significant increase in vehicle miles travelled,
which is correlated to crash rates. So it is projecting
crash rates based on kind of inflated numbers of miles
assumed about how people drive.

You know, I think another piece -- you know, the most
tested component relative to safety and fuel economy is about
the effects of mass reduction, and, you know, the
administration's own analysis actually shows that for larger
vehicles, which is where mass reduction is typically applied,
later cars are safer.

Mr. McNerney. Thank you.
And I wanted to ask Mr. Friedman a different question.

I know you're shaking your head in agreement.

But then you said there's no affordability crisis.

Inflation-adjusted prices are stable. In seven seconds or so could you answer that?

Mr. Friedman. Absolutely. That's the case. All the data shows that cars today are affordable. You know, before folks talked about how $37,000 is out of reach of most Americans. I mean, new cars have been out of reach for most Americans for decades.

The market works because there's -- two-thirds of people buy used cars, and when fuel economy was terrible it was the same case.

So the sad reality is Americans need to be paid more to be able to afford new cars. I would also just say on safety the argument that NHTSA uses would indicate that any tax credit would --

Mr. Cardenas. The gentleman's time has expired.

Mr. Friedman. -- cost lives on our highways. It makes no sense.

Mr. Cardenas. Thank you, sir. The gentleman's time has expired.

Next, we have the congressman from Indiana, Congressman Bucshon.
Mr. Bucshon. Thank you very much.

Mr. Friedman, I am just curious. Is your testimony the official position of Consumer Reports and the publisher of Consumer Reports magazine?

Mr. Friedman. My position is the official position of the nonprofit organization Consumer Reports. We guard our journalistic independence --

Mr. Bucshon. Right. So what you're saying is -- what I can say is that Consumer Reports magazine, publishers, and everyone, that your position and, really, a strong defense for your work at the Obama administration is the official position of Consumer Reports, including the what I would call substantially -- can't say the word -- unsubstantiated claims about the administration ignoring safety?

Mr. Friedman. Well, first, I would say I am not involved with the --

Mr. Bucshon. I just want to make that clear to the American public that Consumer Reports is --

Mr. Friedman. Second, I would just say --

Mr. Bucshon. I take back my time. Consumer Reports, and we've had others from your organization testify, are making unsubstantiated claims about an administration that they don't like.

Ms. Lew, could you --
Mr. Friedman. There's nothing unsubstantiated about no

Mr. Bucshon. This is my time.

Mr. Cardenas. Mr. Friedman? Mr. Friedman?

Mr. Bucshon. This is my time. So the American people
should know that Consumer Reports magazine and the publisher
and the organization, the nonprofit, which I read all the
time -- my in-laws love -- is taking your testimony as their
official position on this issue.

So, Ms. Lew, whose data did you use to refute the
administration's safety assumptions?

Ms. Lew. The comments that I made are based on having
read the regulatory impact analysis and the --

Mr. Bucshon. So it is your opinion?

Ms. Lew. It is my analysis of the table --

Mr. Bucshon. So it is your analysis. There's no one
who's -- that you have read the data that they have assessed
it. This is your personal opinion that you are refuting
their safety assumptions yourself?

Ms. Lew. I have read many of the documents in the --
that are docketed as part of the legal --

Mr. Bucshon. Okay. So the answer to that is yes, it is
your opinion. There's no -- there's no solid data. You're
giving your opinion, and you're here to testify and give your
opinion.

But just don't make it sound like that everybody in the world thinks that the safety assumptions that are being made are not necessarily correct.

There's a reasonable -- reasonable people can have disagreements.

So Mr. Schwietert, it is my understanding that company fleets are not attaining the tailpipe standards despite investment in conventional technology. Can you describe how compliance attained through credits generated when the standards were less stringent?

Mr. Schwietert. Sure. Basically, the existing program allows manufacturers to earn credits which, of course, you might accumulate on the front end and burn on the back end. It is almost a bell curve.

So manufacturers aren't just given credits. They're awarded credits as a result of certain technologies or efficiencies.

Mr. Bucshon. Sure.

Mr. Schwietert. Now, the most important thing here when everybody's talking about the 2012 rule is that the standards envisioned into the future today are unattainable and I can point to --

Mr. Bucshon. Yes, can I make a comment on that?
Because -- and you can answer this too -- the current pace of credit use is it sustainable and is it expected to run out, based on what you were probably getting ready to say.

Mr. Schwietert. That is a very good point.

By our estimates, all existing credits will be exhausted by 2021 and in particular, even with the EPA trends report, which is not a political document -- it is a compliance document issued from year '17 -- this is very important -- that there's a substantial gap between government targets and what Americans are buying.

In fact, only about 5 percent of 2018 model years vehicles meet the 2023 greenhouse gas targets and there aren't available credits into the future.

Mr. Bucshon. So what happens when they run out?

Mr. Schwietert. Basically, unattainable standards don't help anybody. They don't help auto workers. They don't help manufacturers and they price people out of vehicles.

Remember, it is not what manufacturers produce. It is what consumers buy. We have a success story related to the increased efficiency of vehicles. But if consumers cannot afford those cleaner, more efficient vehicles, then we all lose.

Mr. Bucshon. Yes, that goes into my question, you know, and you just discussed it. The consumers' preference, based
on vehicle purchases and the burden of these consumer preferences, puts some pressure on the standards, right?

That's what you just said, basically.

If the consumers can't feel like -- their preferences are different or they can't afford it, then it puts pressure on the standards, right?

Mr. Schwietert. That's absolutely correct. It is not a question of whether auto makers support increased standards. We do. No auto maker has asked for flat standards.

And, really quickly, Mr. Friedman made a point as it relates to polling. As part of my submitted testimony I submitted charts that show the breakdown of what your consumers -- not what polling shows, not what aspiration shows of what consumers may want to buy in the future.

It actually shows you the vehicles that your constituents are buying, which is a huge success story when you look at the improvement that's being made.

No auto maker is asking for flat standards. We believe all sides can come together, find an agreement in the middle somewhere between flat --

Mr. Bucshon. Yeah.

Mr. Schwietert. -- somewhere between the previous standards.

Mr. Bucshon. Agreed. I want to -- and finally, I just
want to associate myself with the comments of Congressman Shimkus about how, you know, we need to sit down and find a resolution to this in a way that everyone is comfortable with.

I yield back.

Mr. Cardenas. The gentleman yields back.

Mr. Friedman, you were asked a direct question and, as the chair, I am taking the prerogative to allow you to briefly respond to that question that was directed at you.

Mr. Friedman. Thank you. I appreciate that.

First, I just want to clarify the record. The light duty vehicle fuel economy standards and greenhouse gas standards --

Mrs. McMorris Rodgers. Can we clarify what the question was, Mr. Chairman?

Mr. Cardenas. My recollection a few minutes ago Mr. Bucshon did direct a question. Okay, so on that can you -- can you please clarify the response?

Mr. Friedman. Well, sure. To clarify, as I understood the question it was whether or not those are the official positions of Consumer Reports and tied to my past work in the previous administration.

I want to be clear that I was not in the previous administration when the light-duty vehicle standards were
established.

So yes, this is a data-driven position --

Mr. Schwietert. That's not correct.

Mr. Friedman. -- according to the Consumer -- I
believe I know when I was in the administration and the
light-duty vehicle --

Mr. Cardenas. Mr. Schwietert -- Mr. Schwietert -- Mr.
Schwietert, you do not have the floor. Mr. Friedman has the
floor. Thank you very much.

Mr. Friedman. I do believe I am quite aware of when I
joined the administration including when the auto industry
brought many safety challenges in front of us. So I would be
happy to discuss that further if you'd like.

Mr. Cardenas. Thank you, Mr. Friedman.

Mr. Friedman. But I will say again I was not there --

Mr. Cardenas. Thank you, Mr. Friedman.

Mr. Friedman. -- when these standards were
established.

Mr. Cardenas. Thank you, Mr. Friedman.

And Ms. Lew, you were also directed a statement that you
were trying to answer so I am going to give you an
opportunity to respond.

Mrs. McMorris Rodgers. Mr. Chairman, would you state
what your statement is or what we are --
Mr. Cardenas. The statement did not -- the statement didn't -- the statement did not come from me. It came from Member Bucshon and she was in the middle of answering the statement that was directed at her.

Mrs. McMorris Rodgers. Can we review what that statement was? I think we were talking about --

Mr. Cardenas. We can, but she's restate it as best she can. Go ahead.

Mrs. McMorris Rodgers. I believe we were talking about the --

Mr. Bucshon. Can I -- parliamentary inquiry.

Mr. Cardenas. Sure, Mr. Bucshon. Parliamentary inquiry.

Mr. Bucshon. Yes. I asked a question, she answered it, and now you're giving her out of order time to clarify and further talk about her position. She answered my question.

So I would -- I would say that that is out of order of the committee.

Mr. Cardenas. Okay. Duly noted.

Congressman Bucshon?

Mr. Bucshon. Someone on your side can ask for time and then allow her to clarify. But taking the liberty of the chair to allow people to clarify answers that you disagree with --
Mr. Cardenas. Mr. Bucshon, your --

Mr. Bucshon. -- the person asking the question is out of order.

Mr. Cardenas. -- parliamentary inquiry is understood by the chair. That being the case, I will recognize my time as I was next on the list.

So I will, on my time in my five minutes, Ms. Lew, please briefly clarify your answer to the statement earlier.

Ms. Lew. I believe that we were discussing my observations about the safety assertions in the rule and I would just clarify that, you know, my evaluation of this comes from, you know, my knowledge of the topic from when I worked in the Obama administration very closely on the NHTSA model and have a deep understanding of the kind of differences between what was modelled before and what was modelled since and, you know, from kind of juxtaposing the conclusions and measuring them against common sense.

Mr. Cardenas. Thank you so much for that clarification.

On my time again, for decades California has used its waiver authority to increase the number of zero-emission vehicles on the road in order to decrease traditional tailpipe pollution in already polluted and overburdened regions like Los Angeles and its basin.

The bottom line is that we in California have been
working hard to reduce the air pollution so we can breathe cleaner safer air.

The safe rule proposes to revoke California's authority to continue mandating increased sales of zero-emission vehicles in the state.

I would like to ask you, Ms. Nichols, if the Trump administration revokes California's waiver, what effects do you anticipate on the public health of California's residents, particularly those who live near highways -- what the effects would be.

Also, will -- could California see increased hospital visits, lost work days, and lower life expectancies?

Ms. Nichols. Yes, we are concerned about the direct relationship between petroleum consumption and emissions, and we have done some analysis. We've also attempted to obtain from the administration -- I know this came up earlier in questions of others -- but in terms of facts that are relied.

We need to see all the studies that the administration is using to base their proposal on including the claims that there won't be environmental effects, and we are now actually in court on that issue because they will not give us the underlying data that we are requesting.

Mr. Cardenas. I would also like to note that long-term children's health studies in Los Angeles and the region have
demonstrated a significant positive correlation between increasingly stringent vehicle standards and positive health outcomes near highway communities.

That means that our children, our grandkids, et cetera, will be able to breathe cleaner air if we were to continue with the standards.

I know for myself, having grown up in Los Angeles and so did my 10 brothers and sisters, we were not allowed to play outside when we had smog alerts.

I am very proud to say that because of the leadership of people like you, Ms. Nichols, and a few other folks around the country that agreed with California we have improved those standards to the point that my children never had to deal with a smog alert.

But what I am really concerned about today is if we go back in the opposite direction that my two grandchildren are going to be facing smog alerts like my children don't have to -- however, like I had to.

I am hoping that we can come up with a responsible compromise that takes public safety first, the health of all Americans as well as our top priority, all of us, both the administration and the legislature.

In addition, I would like to say that it has also been documented positive health outcomes resulting from science-
and health-based vehicles standards. Recent research also shows that children living near highways and communities are disproportionately likely to suffer cognitive impairment as well.

Ms. Nichols, what role has California's vehicle regulations played in improving children's health and how do you expect the Trump administration's rollback to affect the health and development of our children?

Ms. Nichols. Thank you.

The long-term studies that you refer to that have been carried out over many years now has shown really for the first time an actual decrease in cases of asthma and hospitalizations of children as a result of the improved air quality standards that we have in effect.

And so we now have the positive side of the story to talk about and it's one that we are very determined not to see go back. I think there may be an assumption that somehow people in California drive, you know, different kind of vehicles than other people do.

We drive trucks. We drive crossovers. We drive SUVs. All of those vehicles are sold in California and people love them and we want to see them continue to be able to drive all those kinds of cars and trucks.

I think the problem that we are facing is that as we
move forward with the standards there's -- there are some
companies that are going to have to buy credits and that's a
problem.

Mr. Cardenas. Thank you, Ms. -- thank you, Ms. Nichols.
With that, my time having expired, next we'll go to
Congresswoman Dingell.

Mrs. Dingell. Thank you, Mr. Chairman.
Chair Nichols, I want to thank you for flying across the
country to be with us this afternoon.
My first question is just a yes or no, but I will give
you time to elaborate further on it in a minute.
The world has changed from the last time there was a
negotiated deal on fuel economy standards in 2012. Gas
prices are significantly lower today than we expected back
then and the overall adoption rate of electric vehicles is
also far lower than predicted, and contrary to Mr. Friedman,
I do think they matter.
Chair Nichols, would you agree that conditions have
changed since 2012 and are different than what we expected,
yes or no?
Ms. Nichols. Yes.
Mrs. Dingell. Thank you.
It is hard to make projections far into the future and
it's clear there is a need to make some tweaks. But we don't
have to throw the baby out with the bathwater. The Trump
administration has been reckless in proposing these flat line
standards which would hurt jobs in my state and harm the
environment as well.

Chair Nichols, do you agree that cutting a deal with the
Trump administration is the best way forward to address our
twin goals of environmental protection and affordability?
Are you prepared to go back to the negotiating table in good
faith?

Ms. Nichols. We have always been prepared to go to the
negotiating table in good faith. We still are.

Mrs. Dingell. Thank you.

I am going to go to Mr. Nassar now for a minute because
I want to make sure that everybody did understand you in your
testimony, asking you the same questions that I asked. I
assume that you don't think the flat line are -- I think you
-- that flat line is correct.

But do you agree that there is a need to go back to the
table -- that circumstances have changed? And how does the
uncertainty of the standards impact UAW members and the
industry?

Mr. Nassar. Well, first of all, thank you for the
question.

First of all, the uncertainty, you know, as I said,
these are global companies and they're just looking at where
the most stable investments and the growth can be, and if
it's less attractive here they'll go elsewhere. So that's
that part.

As far as flat line, we think that that is taking us
backwards. I do want to say what we like about the current
standards is the footprint model in general because that
really takes it, you know, not one size fits all, and also
the credit system in general is a good idea.

So the framework is already there. We do think some
adjustments could be needed. But that's why we should all be
talking and working together.

Mrs. Dingell. But you do think they're needed? You
don't think existing standards -- or do you not think the
existing standards are a problem?

Mr. Nassar. Oh, no. The --

Mrs. Dingell. That's what I want to be clear on.

Mr. Nassar. Today --

Mrs. Dingell. I don't want anybody thinking UAW thinks
that there haven't been changes in the climate.

Mr. Nassar. No. No. No. What I am saying is is going
forward when we look to 2025 we should be -- we should be
talking and making -- we always look forward to the midterm
review and we think that discussion is needed. It is just
not happening now.

And by the way, we played a role in getting all the parties together before. We want to do it again, but we need --

Mrs. Dingell. Well, you were at the table last time. Don't you -- do you believe you should be at the table again?

Mr. Nassar. Yes, I think -- I think we all should be. For sure everyone here.

Mrs. Dingell. Yes. Thank you. I am going to come back to you in a minute but I want to make sure I get my questions in.

Mr. Schwietert -- David, I am sorry -- is it correct that fuel economy targets in other countries across the globe are harder than in the United States?

Mr. Schwietert. That's not necessarily the case. If you look at the types of vehicles that are driven in the U.S., the U.S. is certainly an innovator as it relates to the vehicles that can --

Mrs. Dingell. So we actually have higher standards?

Mr. Schwietert. We do.

Mrs. Dingell. Thank you.

Are your companies investing millions of dollars today to meet those higher global requirements? Yes or no?

Mr. Schwietert. Not just millions but tens of billions.
Mrs. Dingell. Thank you. Does the Auto Alliance have member companies which are investing large sums of money into R&D for electric vehicles?

Mr. Schwietert. Absolutely. They're fully committed.

Mrs. Dingell. I hope, therefore, it's clear to people here that the Trump administration -- California is the best way to proceed for the environment, for jobs, and for the future of technology in the -- future of technology and there are Republicans and Democrats here who want to help get everybody back at the table.

I am going to go back to you, Mr. Nassar, for a minute because it sounds like the United States is falling behind in the production of electric vehicles.

I am not sure it's in the production but what do we need to do to support EVs? What will happen if the Congress does not support policies to support EVs?

Mr. Nassar. Well, first of all, the investments in EVs is, you know, Germany, China, other places really have a more I would say systematic and greater investment plan.

So what's simply going to happen is we don't want to look up one day and say hey, we are not making the vehicles that people are buying or needing and therefore our industry has really taken a hit and a lot of working people, you know, don't have a job.
And I just want to say, you know, it's really important that when we do these standards we do them in a way that looks at the longer term impact as well as the short term.

Mrs. Dingell. So do we also need to be investing in infrastructure and tax credits?

Mr. Nassar. Absolutely. So as far as EV, infrastructure is needed, also tax credits also. But I want to -- I want to say it again that with federal subsidies there should be requirements that it has to be built in the United States that I mean that's tax credits as well and also, yes, we need to build out the EV infrastructure a lot more.

Mrs. Dingell. Thank you, Mr. Chair.

Mr. Cardenas. The gentlewoman yields back.

Next we go to Congresswoman Barragan from California.

Ms. Barragan. Thank you.

Mr. Friedman, I want to start with you. I saw an article by Jeff Plungis with Consumer Reports. He writes for the magazine -- the auto section. Is that correct?

Mr. Friedman. Yes, that's correct.

Ms. Barragan. The article that I am looking at that I saw that he wrote for the magazine it says, "Trump administration fuel economy freeze would cost consumers."

Are you familiar with that article?
Mr. Friedman. I am, yes.

Ms. Barragan. And is this something that would have been published in the magazine?

Mr. Friedman. I would have to double check whether it was in the magazine or online. We are now a full digital publisher as well.

Ms. Barragan. It says that a new Consumer Reports survey shows that most respondents across party lines value more efficient cars even if gas is cheap. Does that sound about right?

Mr. Friedman. Absolutely. In fact, survey after survey shows that not only do consumers value it; by a factor of four they want more fuel economy more than they want things like horsepower.

Ms. Barragan. It also goes on to say that automakers have shown that they can make more efficient cars that can create more power and speed without dramatically raising the cost to consumers.

Is that also accurate?

Mr. Friedman. It is actually amazing. I mean, we talk about the innovation of the American auto industry and when you unleash that innovation, look out. It is amazing what they can do. The challenge is it often takes support from the government and a push from the government for them to
truly unleash that innovation.

But absolutely, they can do it. That's not the issue.

Ms. Barragan. Thank you. We are hearing a lot today about the average cost of cars and then it prompted me to say well, geez, how much are these clean cars costing versus luxury expensive cars that maybe folks in lower income markets may not even qualify to get even before clean car standards went into effect.

I, myself, purchased a hybrid back in '07 because I wanted to, A, do my part on the environment, and two, I wanted to help the environment, and what I've seen is a dramatic savings in cost overall in what I've spending. So maybe I pay $3,000 or $4,000 more at the outset to buy a cleaner car. But out in California, we got a rebate. We got -- we have tax credits, which made me think why can't more people in my community afford to get these kind of cars so they could save long term.

I represent a district that includes Compton. It is Watts. It is one of the most heavily polluted districts in the country. It's surrounded by the Port of Los Angeles. It's surrounded by three freeways. So when you talk about air pollution, you're talking about my constituents.

And where is that coming from? The number-one source it's coming from, you know, diesel, fossil fuel-burning cars.
And so I am all for the investment in clean cars and really appreciate what California has been doing to lead on this.

Chair Nichols, how will California continue its efforts to clean up the air for constituents like mine if this proposed rule is finalized?

Ms. Nichols. We will have a serious problem, of course, because we've counted on these emissions reductions in our state implementation plans that we submit that are required by the Clean Air Act and by EPA to show how we are going to try to meet the national clean air standards.

So in addition to the environmental justice concerns, which you have raised and others have also, which the agency did not address in their proposal, we just have a basic compliance question of how we will meet air quality standards.

We will have to look at other alternatives and, frankly, they're none of them terribly attractive. But there would have to be measures taken to reduce the amount of driving of existing cars and to otherwise try to find ways to keep pushing for cleaner cars.

We already, as a state, use funds from our greenhouse gas reduction fund to subsidize the purchase of new vehicles -- cleaner vehicles -- to turn over the plate. This is a program that's had a lot of support from the auto industry.
But there's a limit to how much of that we can do, and so we would have to be looking at industry, at other sources perhaps, to make up the gap.

Ms. Barragan. Well, thank you, and I want to thank you for your leadership on this issue and in California. We hear from -- today we've heard that, you know, this is bad for consumers. It's costing them money.

There has been no discussion about the cost on public health and the cost on the negative impacts for people who live in communities that are disproportionately having to take the burden of higher air pollution and being surrounded by freeways which, by the way, you're not seeing in the high income communities.

You're seeing them put into low income communities. You're seeing them put into communities of color. And so we need to also consider the cost to public health, which I believe is a public health crisis.

And with that, I yield back.

Mr. Cardenas. The gentlewoman yields back.

Next, we have the congressman from California, Dr. Ruiz.

Mr. Ruiz. Thank you. Thank you to all of you for coming here today. It's especially great to see Mary Nichols from California Air Resources Board.

For the past four decades, California has been a leader
in the clean car standards. California's fuel economy
standards have helped push the entire automobile industry
towards vehicles that are safer, cheaper, and better for the
environment.

The Trump administration's rollbacks of the standards is
misguided and unacceptable. We've heard all the numbers
today. The rollback would add an additional 7 billion tons
of carbon to our atmosphere by the end of the century, more
than 500,000 additional barrels of oil used per day.

But I want to focus on the effect this regulation will
have on the health of my constituents. Riverside County has
long suffered from some of the worst air quality in
California.

The mountains -- the beautiful mountains that surround
the Coachella Valley -- trap the smog and pollution from the
millions of vehicles that clog the roads from L.A. through my
district on Interstate 10.

The Clean Air Act grants our state the authority to set
its own motor vehicle standards because of the unique air
quality issues that we face.

Yet, there are still communities where exposure to
harmful air pollutants such as particulate matter is
significantly higher than the state average, sometimes more
than twice as high.
And this is an environmental justice issue because research shows that Latinos, African Americans, and low-income communities in California are exposed to more tailpipe pollution than any other demographic.

Chair Nichols, could you please provide some insight into the health risks that minority and low-income communities in our home state of California disproportionately face?

Ms. Nichols. Certainly. I think we have seen and in some cases have helped to sponsor some of the research that indicates hospitalizations and days of missed school by school children, the increased use of asthma inhalers on smog days.

I would be happy to provide you with some additional statistics on that. But I think we now know for a fact that there's a direct correlation between poverty and living in areas that experience a disproportionate amount of pollution.

Mr. Ruiz. And that pollution and poverty is also correlated with mortality?

Ms. Nichols. Correct.

Mr. Ruiz. So people that live in high polluted areas live less than people who live in non-high polluted areas due to air quality?

Ms. Nichols. Yes. And if you will permit me, one of...
the things that has given California a lot of encouragement
over the last few years has been that in other parts of the
world such as China or India where they experience air
pollution problems that are much worse than we ever see any
more in our state, they are turning to California and looking
to our standards and our experience, which we think will also
lead to them buying better cars.

Mr. Ruiz. Over the past 10 years, Riverside County's
air quality has been steadily improving but we have a long
way to go. You mentioned in your testimony that air
pollution will jump in areas like L.A. if these regulations
are approved.

How will the Trump administration affect air quality and
the presence of pollutants in the areas like the Coachella
Valley?

Ms. Nichols. The correlation between changing the
greenhouse gas emission standards and other pollutants is a
direct one. Technologies that would be used to improve the
emissions including things like better air conditioning
systems also will have an effect on health.

Mr. Ruiz. And I am an emergency physician. As a
physician I am all too familiar with the health effects
associated with particulate matter exposure.

These are small particles that penetrate the lungs that
can go straight into the alveoli blood barrier into your bloodstream, which can cause premature death, asthma, cardiovascular ailments, and a lot of other lung problems.

In developing this proposal, the EPA and NHTSA weighted eight different policy options -- eight different policy options. They picked the one with the highest particulate matter emissions -- the highest of all these eight options, not to mention the highest sulfur dioxide emissions.

NHTSA's own draft environmental impact statement admitted that each policy option would lead to increased adverse health outcomes including, quote, "increased incidences of premature mortality, acute bronchitis, respiratory emergency room visits, and work loss days," end quote.

Again, they chose the option with the highest pollution increase. So yes or no, is it correct to say that EPA and NHTSA picked the policy option that poses the greatest risk to human health?

Ms. Nichols. That would be the effect, yes.

Mr. Ruiz. Thank you. Yield back.

Mr. Cardenas. The gentleman yields back.

I would like to take the opportunity to clarify for the record. A few minutes ago I allowed and made the mistake of allowing a courtesy of finishing one's thought of a witness.
However, I should have done it on someone's time and I made that mistake. So I just want to apologize to all the committee members and also to the witnesses and everybody else who's taken the time to listen to this committee.

So you're welcome. I've only been the chair for just a few minutes and I made a mistake. I am not going to do that again.

Mr. Shimkus. It's your first one all year, I hear.

[Laughter.]

Mr. Cardenas. There you go. Tell my wife that.

Anyway, next I recognize Congressman Flores from Texas.

Mr. Flores. Thank you, Mr. Chairman.

Mr. Schwietert, I would like to clarify a point. The proposed safe vehicle rule is a proposed rule, not a final rule, correct?

Mr. Schwietert. That is correct, as of right now.

Mr. Flores. Okay. Thank you.

I would like to yield the balance of my time to Republican Leader McMorris Rodgers.

Mrs. McMorris Rodgers. I appreciate the gentleman yielding and I appreciate the former chairman that was in the chair at least -- Cardenas for just acknowledging the importance of keeping regular order as we are working through
this discussion this afternoon.

And I also think it is important to just -- yes, as Mr. Flores just pointed out, there's eight alternatives that have been brought forward. There is no decision. There's no recommendation right now.

We are having a -- we are having a hearing and a discussion today that I think is very important. I, too, want to just join those who have been urging people to come back to the table. Get the parties back to the table.

We have some shared goals here. We want to reduce carbon emissions. We want to increase safety. We do not want to price hardworking Americans out of the cleaner safer cars and I think we need to acknowledge that the cars on the road today in America are 12 years old. Those aren't the clean new safe cars on the road.

I wanted to go back to the -- just the question around Consumer Reports and we had a -- we were working through Consumer Reports and their statements and what their positions are.

I wanted to give Mr. Schwietert just the time to just give some more insights as to the development of the former rule in the former administration.

Mr. Schwietert. Thank you much, Congresswoman McMorris Rodgers.
I guess similar to Congressman Lujan, I guess, obviously, in relation to the quorum, certainly apologize if I interjected during the chair's time.

My only point is Mr. Friedman was responding was just to underscore during his time and tenure at NHTSA as both acting and deputy administrator. Obviously, there was updates that were made to the model that then eventually found their way into the draft technical assessment reports.

I was just trying to underscore that, obviously, there was work that was done during his time period that then influenced what ultimately led to where we are today.

Mrs. McMorris Rodgers. Thank you, and just a follow up, would you speak to innovation in America versus what's going on in Europe, in China, whether it's -- yes, just what's -- how are we doing competitively?

Mr. Schwietert. Competitively, the U.S. is a leader and it's not by accident. Obviously, the policies not only from Congress but regulated entities spur the development of not only innovations, whether it's, you know, automobile fuel economy or alternative power trains.

Of course, this committee knows firsthand. It has been referenced that close to 40,000 fatalities on our roadways. That's also innovations that are being led by American companies and ingenuity that have profound impacts both when
it comes to not only the travelling public but also
constituents of yours and customers of ours.

So the innovation that's appearing in the U.S. is higher
than most. But it's also something that we shouldn't take
for granted and I think that speaks to where Congresswoman
Dingell in the past has noted where the U.S. auto economy is
actually pretty fragile and, obviously, there's a lot of
headwinds that we are facing.

So the regulations that you're having this hearing on
today are a core baseline as it relates to the overall health
of the industry, which then spurs that R&D investment --
those plant expansions, those development that lead to jobs
and the innovative products that I think everybody comes to
expect.

Mrs. McMorris Rodgers. Thank you. I would like to
yield to the gentleman from Illinois, Mr. Shimkus.

Mr. Shimkus. Thank you.

Let me -- let me also just in this minute and a half
also highlight the fact that, you know, I have a copy of the
Federal Register. So I think sometimes we get -- we get off
the rails because we are saying this is going to be a zero
change rule and many of you in your testimony -- I think, Mr.
Schwietert, you said, like -- who said six and eight? We'd
like six and we would like eight. Mr. Hermiz.
So I was going, what's he talking about, six and eight.

Well, six and eight are six and eight of the -- of the alternative change in stringency issues, right, on this.

So we could go back now using your six and eight, and six is the same standards through model year 2020 and then 2 percent increases for passenger cars, 3 percent increases for light trucks and model years 2021 to 2026.

So that was helpful to me. There is no rule. There is fear. I understand that. Back to our comments beforehand, it's important that we have a national standards constitutionally. The interstate commerce clause -- I am a big believer in it.

And then -- and I will just yield back my time. I think we are going to get some more time and then I am going to talk to my colleague -- former colleague from Louisiana.

Mrs. McMorris Rodgers. Okay. Thank you.

I thank the gentleman from Texas. I will yield back.

Mr. Tonko. [Presiding.] The gentlelady yields back.

I will now yield myself five minutes.

Mr. Schwietert, 17 automakers including nearly all of your members recently sent the president a letter noting that the proposed rule lacks industry support and creates untenable uncertainty and that a final rule must be supported by California.
You really haven't commented on the preferred alternative in the proposed rule today. We know you prefer a deal with California. There's no indication that the administration will return to the negotiating table.

So in a yes or no response, absent a negotiated solution, does the Alliance oppose the preferred alternative in the proposed rule?

So the answer is --

Mr. Schwietert. Which is the preferred proposal?

Mr. Tonko. So it's no? And Mr. Hermiz, do your businesses or other businesses in the auto industry face global competition and operate in a global marketplace?

Mr. Hermiz. Yes, we do.

Mr. Tonko. You mentioned that the administration's proposal may result in Europe or Asia presenting better business opportunities for emerging innovative technologies. It takes years to develop products in this sector. Is it possible that the uncertainty caused by this proposal will either strand existing investments or discourage businesses from making new ones in the United States?

Mr. Hermiz. Yes, that is our premise?

Mr. Tonko. And what role can increasing and certain standards play in driving innovation from the U.S. auto industry?
Mr. Hermiz. Well, as we highlighted with alternative section alternative eight that that investment in technology could actually drive additional 250,000 jobs.

Not doing that investment or having a flat standard puts the estimation of 500,000 jobs at risk. So that technology investment needs to be here -- need to encourage it to be here.

Mr. Tonko. I appreciate that.

And Mr. Nassar, from the workers' perspective, do you agree with that assessment?

Mr. Nassar. I think absolutely that we need to have a -- need to have continued innovation standards that really push us to continue to move forward. Yes.

Mr. Tonko. And so you're concerned that this proposal might limit the research in manufacturing?

Mr. Nassar. Yes. Yes, concerned, and also I want to just say that one thing too when we are talking about new vehicles is I don't want -- I want to separate mass production manufacturing from research and development.

They're not -- they're not two and the same thing. Sometimes this conversation gets conflated. But the answer is yes.

Mr. Tonko. Thank you.

And Chair Nichols, thank you again for your
participating -- in fact, all of the members of the panel.

We all hear about how these standards are critical for reducing climate pollution. But I hope you can help us understand just how important they are.

The New York State legislature, you may or may not know, just passed an ambitious legally mandated emissions target schedule. Transportation is our biggest source of emissions.

If California and, by extension, New York State and other states are not able to use these tools to address greenhouse gas emissions from the transportation sector, what options are there to hit our targets and how likely are we to succeed?

Ms. Nichols. Well, first of all, in terms of what we are relying on, the vehicle emission standards which we began working on back in 2004 represent the single largest reduction opportunities that we have and our -- as a nation our ability to comply with the Paris Agreement is also fundamentally based on the existence of the so-called Obama standards.

So anything that weakens or delays those standards would need to be made up by other improvements. There are other improvements available in the area of fuels, in the area of construction, in the area of agriculture. There are many ways in which our country could be reducing greenhouse gas
But in terms of technologies that we know about and have available to us today, this is by far the most effective.

Mr. Tonko. All right. And the transportation sector is something that we are trying to focus on with climate --

Ms. Nichols. Transportation sector, again, is the single largest if you take together both the driving, the light-duty and the heavy-duty vehicles.

Mr. Tonko. And the added benefits of California's ZEV standards -- the ZEV standards?

Ms. Nichols. The ZEV standard, which is really intended to push the manufacturers to develop technology, was very effective in beginning the process of getting investments made by all the major manufacturers in zero emission vehicles.

Now the problem we face is that while the vehicles are there, there are obstacles to fuelling because of the lack of a deployment of a thorough network of charging stations.

There's also issues about consumer awareness because there's been a reluctance, I think, on the part of some to advertise the availability of these vehicles.

So there are still impediments to the kind of take-off that we'd like to see. But when we've added those issues to the equation as we have been doing in California in the last
few years we've seen a very quick uptake in the purchases.

Mr. Tonko. Thank you. Thank you very much.

We now recognize Representative Duncan for five minutes, please.

Mr. Duncan. Thank you. Thank you, Mr. Chairman.

You know, there's a big difference between being an elected official and representing a constituency and being appointed to a position where you're just accountable to that one person that appointed you, whether it was a president or what.

I think Attorney General Landry gets that, having run for Congress and also running as an attorney general in the state of Louisiana.

I want to bring up a letter, General Landry, that six state attorney generals signed, including you and attorney general from my state, Alan Wilson.

In short, this letter expresses support for bringing national harmony to the CAFE standards, and Mr. Chairman, I would like submit that for the record, if I can.

Mr. Tonko. Without objection, so granted.

[The information follows:]

**********COMMITTEE INSERT**********
Mr. Duncan. General Landry, you state in your testimony when a state is allowed to usurp congressional intent for their own designs, all of the other states in our republic suffer.

In the letter it says one state should not be able to effectively dictate fuel economy standards to help hide emission requirements and mandates for zero emission vehicles for the entire nation where Congress has set a clear policy favoring a single federal standard and no compelling air quality concern exists that is unique to that state.

It is a great letter. I appreciate you doing that. You have sat here patiently all day. I want to give you an opportunity to address these issues one more time, how they affect your state manufacturing and your constituents.

Mr. Landry. Well, thank you, my good friend.

You know, the one thing that's interesting is that the road that we are travelling by allowing California to do that and basically have a waiver which we believe is probably unconstitutional and certainly improper in the way that it was granted, is that it's discriminatory.

It is discriminatory against rural and smaller states by allowing the state of California to basically set national policy. National policy should be set in here.

I would remind you all that the state of California
controls 53 to 52 seats in the House of Representatives. That's 12 percent of this body.

And so if they can't with that large number be able to influence national policy, we shouldn't have the state back home, right -- the state of California back home -- dictating national policy. That is inherently unconstitutional and a complete violation of the commerce clause.

Also, what's interesting is that competition, right, should be driving technology, not the government. The government certainly has an opportunity to encourage technology.

But I want to be able to drive a truck which I've driven my entire life, right. I want to be able to own an SUV. At some point, there becomes a point of diminishing return, and then all of a sudden California dictates what size vehicle I get to drive, right.

What happens in Illinois or Kansas or Nebraska or Iowa, right? What happens to those farms or those people who want to use larger utility vehicles?

Certainly, we want the automobile industry to drive the vehicles that we want to -- we want to purchase and certainly if they can create a truck that has a higher fuel efficiency, it is attractive to consumers. It certainly would be attractive to me as well.
But I can tell you that the way that this is going is disruptive to our constitutional principles and the way that our structure of government should operate, and all we are asking for -- and remember, attorney generals are responsible for protecting consumers and this is absolutely not a protection of consumers because what it does is discriminatory in fact against consumers in Louisiana rather than, basically, placing the policy decisions inside the hands of state consumers or elected officials in California.

Mr. Duncan. You make excellent points, and we are a republic. And you talk about in terms of state sovereignty, one state shouldn't dictate what other states do and I think the letter that you and other attorney generals have put forward is very, very clear on that.

And I mentioned earlier in the first panel I drive a Chevy Duramax diesel. I was in the auction business, a real estate brokerage. I drove about 65,000 miles a year. The reason I did that wasn't because I necessarily needed all that towing power and capacity of that truck.

I was wearing gasoline engines out. So Chevrolet had a product that was appealing to me. That's what entrepreneurialism, capitalism is all about is that the manufacturers see a need in the market and they produce a product that the buyer wants, not a product that the
government tells them they have to produce and tells the
buyers they have to buy.

That's what happens in socialist societies, not
capitalist societies. We are a market-driven economy and we
are a republic of sovereign states, and I think the attorney
general has made some great points there.

Mr. Chairman, I thank the committee for having this
panel and for this hearing, and with that I will yield back.

Mr. Tonko. The gentleman yields back.

I believe that concludes all those who were looking to
question our panel.

With that, I thank all of our witnesses for their
participation in today's hearing. Very important to have
your input. We thank you for that.

And I remind my colleagues, the members, that pursuant
to committee rules they have 10 business days by which to
submit additional questions for the record to be answered by
the witnesses who have appeared. I ask that each witness
respond promptly to any such questions that they may receive.

And then I request unanimous consent to enter the
following list of documents into the record:

A report by Bill Becker, the former executive director
of the National Association of Clean Air Agencies, a report
from the BlueGreen Alliance and the Natural Resources Defense
Council, the UAW's research paper on electric vehicles, a letter from 17 automakers to California Governor Gavin Newsom, a letter from 17 automakers to President Donald Trump, a letter from Ceres, a General Motors proxy memo, a Ford proxy memo, a letter from General Motors investors, a letter from investors, a letter from the Ceres BICEP Network, a letter from 10 states attorneys general, a letter from John Bozzella, president and CEO of the Association of Global Automakers, a letter from Securing America's Future Energy, or SAFE, a statement from the American Chemistry Council, EPA's Assistant Administrator Wehrum's ethics disclosure report, a letter from the Competitive Enterprise Institute, a letter from BP CAFE to EPA Administrator Wheeler, a letter from EPA Administrator Andrew Wheeler, a fact sheet from Auto Alliance, a statement from the record -- from the Consumer Federation of America.

And any objection? Hearing none, without objection, so ordered.

[The information follows:]

**********COMMITTEE INSERT**********
Mr. Tonko. And at this time, I thank my colleagues.

The subcommittee is adjourned.

[Whereupon, at 3:17 p.m., the committee was adjourned.]