NACAA
national association of clean air agencies

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U.S. Department of Transportation
National Highway Transportation Safety Administration (NHTSA)
Docket ID No. NHTSA-2025-0491
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To Whom It May Concern:

The National Association of Clean Air Agencies (NACAA) respectfully submits the following comments on NHTSA's proposed rule, "The Safer Affordable Fuel-Efficient Vehicles Rule III for Model Years 2022 to 2031 Passenger Cars and Light Trucks" ("SAFE III proposal"), 90 Fed. Reg. 56,438 (Dec. 5, 2025). NACAA is the national, nonpartisan, non-profit association of 157 air pollution control agencies in 40 states, including 117 local air agencies, the District of Columbia, and five territories. The air quality professionals in our member agencies have vast experience dedicated to improving air quality in the United States. These comments are based on that experience. The views expressed in these comments do not represent the positions of every state and local air agency in the country.

NACAA member agencies are responsible for implementing the Clean Air Act and protecting public health in communities across the United States. Our agencies work daily to achieve and maintain the National Ambient Air Quality Standards (NAAQS), reduce harmful air pollutants, and protect the health of millions of Americans—particularly children, older adults, and other vulnerable members of our communities. Mobile sources remain the largest contributor to air quality challenges in most urban areas, making federal vehicle standards one of the most important tools available to our agencies for protecting public health and meeting Clean Air Act requirements.

INTRODUCTION

Federal vehicle fuel economy standards that help improve vehicle emission performance are essential for protecting air quality and public health in communities across America. Federal vehicle standards are one of the most effective tools available to state and local air agencies for controlling air pollution. The SAFE III proposal represents a substantial weakening of fuel economy requirements, with significant implications for air quality, public health, and state and local regulatory authority. The proposal would reduce the 2031 fleet-wide standard to approximately 34.5 miles per gallon (mpg), a reduction of 31.5% from the previous target. NHTSA projects the proposal would increase fuel consumption by 96 billion gallons, increase CO_2 emissions by 1,052 million metric tons, result in 473 additional deaths from criteria air pollutant emissions, and cost consumers $279.7 billion through 2050.

The SAFE III proposal would restructure the Corporate Average Fuel Economy (CAFE) program by excluding electric vehicles from baseline calculations of the existing, real-world fleet

(rather than merely in determining feasible standards for vehicles not yet in the fleet), eliminating inter-manufacturer credit trading, retroactively weakening fuel economy standards for past model years, and setting standards that NHTSA acknowledges will increase air pollution. The proposal raises serious concerns with respect to its underlying methodology, environmental impacts, and relationship to Clean Air Act requirements and longstanding state authorities.

NACAA urges NHTSA not to finalize the SAFE III proposal and to maintain strong fuel economy standards that protect air quality, public health, and state and local authority to address mobile source emissions. Key concerns for state and local air pollution agencies include:

Air Quality and Public Health Impacts: The proposal would significantly increase emissions of criteria air pollutants including nitrogen oxides (NO_x), volatile organic compounds (VOCs), carbon monoxide (CO), and fine particulate matter ($PM_{2.5}$). These increases would undermine state and local efforts to achieve and maintain the NAAQS, particularly in the hundreds of nonattainment areas already struggling with air quality challenges across the country.

State Implementation Plan (SIP) Gaps: Weakened federal vehicle standards could create gaps in SIPs that states use to demonstrate future attainment of the NAAQS. States could be forced to identify alternative, more costly emission reduction measures—often from sectors where controls are technologically limited or economically prohibitive.

State and Local Authority: By requiring states to offset pollution that would have been addressed by federal standards, without providing the resources or regulatory tools needed to achieve equivalent reductions, the proposal would create an unfunded mandate and would result in the elimination of important state and local tools for addressing mobile source emissions.

Methodological Flaws: The proposal's exclusion of electric vehicles from *baseline* calculations is at odds with every previous characterization of real-world baseline conditions, is not required by the statute, does not reflect actual market conditions and creates an artificial analytical framework that overstates the stringency of the proposed standard.

Compliance Concerns: The proposal does not address the absence of a regulatory driver for meeting fuel economy standards. In the status quo, manufacturers have a strong incentive to claim zero-cost noncompliance penalties. Incentives may prove to be a good alternative.

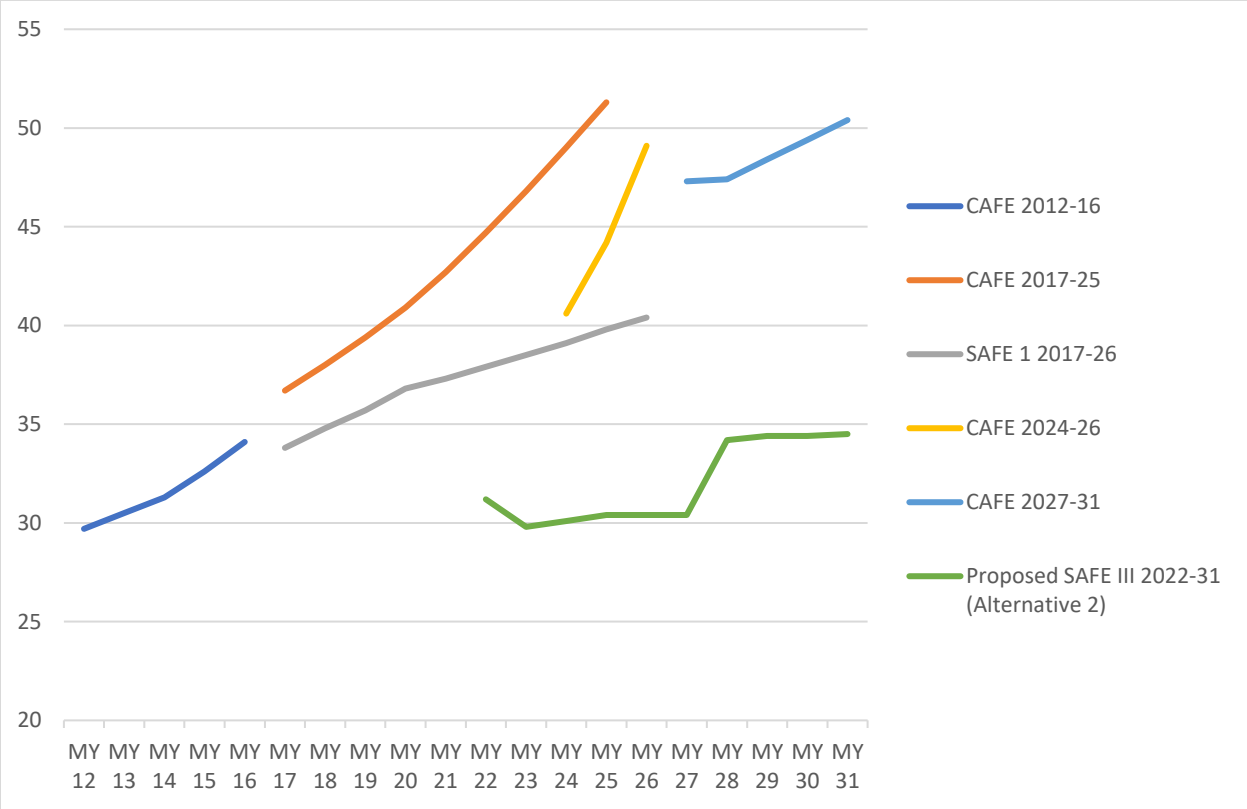
Statutory Concerns: The proposal does not meet the Energy Independence and Security Act's statutory mandate to achieve a 35-mpg standard by 2020—or even by 2031—and would not represent "maximum feasible" fuel economy standards as required by the 2007 law.

These concerns are discussed in greater detail below.

MOBILE SOURCE EMISSIONS AND AIR QUALITY: THE CRITICAL ROLE OF FEDERAL VEHICLE STANDARDS

The chart below shows the reduction in fuel economy in miles per gallon in the SAFE III proposal, as compared to current and previous standards. It shows the trends in fuel economy standards increasing over time—standards that the auto manufacturers have complied with and built into their planning for the future. The proposed Safe III rule falls well below the compliance requirements that the private sector has been meeting for over a decade, with significant implications for air pollution and public health.

Fig. 1: Comparing Recent Fuel Economy Standard Requirements in MPG[1]



[1] Data extracted from the SAFE III proposal and the following final rules: Light-Duty Vehicle Greenhouse Gas Emission Standards and Corporate Average Fuel Economy Standards; Final Rule, 88 Fed. Reg. 25,324 (May 7, 2010); 2017 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions and Corporate Average Fuel Economy Standards, 77 Fed. Reg. 62,624 (Oct. 15, 2012); The Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule Part One: One National Program, 84 Fed. Reg. 51,310 (Sept. 27, 2019); Corporate Average Fuel Economy Standards for Model Years 2024–2026 Passenger Cars and Light Trucks, 87 Fed. Reg. 25,710 (May 2, 2022); and Corporate Average Fuel Economy Standards for Passenger Cars and Light Trucks for Model Years 2027 and Beyond and Fuel Efficiency Standards for Heavy-Duty Pickup Trucks and Vans for Model Years 2030 and Beyond, 89 Fed. Reg. 52,540 (June 24, 2024).

Mobile sources are the single largest contributor to air pollution in most American cities and metropolitan areas. According to EPA and transportation sector analyses, mobile sources account for approximately 54% of anthropogenic NO_x emissions nationwide, making vehicles the dominant source of this critical ozone precursor.[2] Mobile sources also contribute substantially to direct $PM_{2.5}$ emissions (approximately 5% of human-caused emissions) and VOCs (approximately 19% of total emissions). In some metropolitan nonattainment areas, on-road mobile sources can account for 50-70% or more of NO_x emissions—precursor to ozone formation in most urban environments.[3] These emissions have direct and measurable impacts on air quality and public health.

Ground-level ozone remains one of the most widespread and persistent air quality challenges facing the nation. Under the 2015 ozone NAAQS (70 parts per billion, 8-hour average), approximately 85 million people live in counties designated as nonattainment. Under the 2008 ozone standard (75 ppb), additional areas remain in nonattainment, with varying classification levels from "marginal" to "extreme" based on the severity of the ozone problem.

Areas with some of the worst ozone pollution include Southern California—both the Los Angeles–South Coast Air Basin and the San Joaquin Valley—which remain among the most severely impacted regions in the nation because of a combination of heavy vehicle traffic, goods movement, and weather/topographic conditions that trap pollution. Other major metro areas where cars and trucks are a leading cause of ozone nonattainment include Houston and Dallas–Fort Worth in Texas; the New York–New Jersey–Connecticut corridor; Philadelphia and surrounding parts of Pennsylvania, New Jersey, Delaware, and Maryland; Chicago and nearby counties; Sacramento and the broader Central Valley; the fast-growing Front Range urban corridor in Colorado (Denver, Boulder, Fort Collins, and Greeley); Phoenix and Las Vegas; and East Coast cities including Baltimore and the Washington, DC region.

$PM_{2.5}$ nonattainment areas that have major vehicle-emission contributions include Southern California's South Coast air basin and the San Joaquin Valley, CA; Pittsburgh, PA; Cleveland, Cincinnati, and Akron, OH; Detroit, MI; Indianapolis, IN; and Louisville, KY.

Areas in attainment also face challenges from this proposal. For example, on-road vehicles accounted for 21% of Minnesota's 2020 total $PM_{2.5}$ emissions, and 22% of 2020 total NO_x emissions.[4] Minnesota is close to exceeding federal standards for ozone and $PM_{2.5}$, and levels of both pollutants are expected to increase in the future due to climate change.[5]

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[2] Data from EPA's "Smog, Soot, and Other Air Pollution from Transportation" webpage, last updated August 2025, https://www.epa.gov/transportation-air-pollution-and-climate-change/smog-soot-and-other-air-pollution-transportation

[3] For example, this EPA analysis found that that mobile sources represent "almost half" of the national NOx inventory in future-year projections: https://www.epa.gov/system/files/documents/2022-09/Baldauf_Richard%20NAAMC2022%20-%20OTAQ%20Overview%20Tues%20PM_508.pdf

[4] *MPCA Statewide Air Emissions Data Workbook;* https://data.pca.state.mn.us/views/Airemissions-statewide/Emissions?%3Aembed=y&%3AisGuestRedirectFromVizportal=y

[5] *MPCA 2025 Air We Breathe Report* (p 17) https://www.pca.state.mn.us/sites/default/files/lraq-1sy25.pdf

Minnesota's monitored ozone levels were 97% of the NAAQS in 2023 and 94% of the NAAQS in 2024.[6] In 2023, Minnesota's monitored $PM_{2.5}$ levels were 75% of the annual NAAQS and 89% of the daily NAAQS.[7] In 2024, the monitored $PM_{2.5}$ levels were 93% of the annual NAAQS and 77% of the daily NAAQS.[8]

Fuel economy standards are intrinsically linked to vehicle emission standards. Improving fuel economy reduces fuel consumption, which in turn lowers emissions per vehicle mile traveled. Vehicles travel freely across state and local boundaries. A vehicle registered in one jurisdiction may spend significant time operating in other jurisdictions. This interstate mobility means that federal standards provide the floor for emission reductions nationwide. Except for California (under its Clean Air Act Section 209(b) authority) and states that adopt California standards under Clean Air Act Section 177, state and local agencies lack authority to set their own new motor vehicle emission standards. This makes state and local agencies entirely dependent on strong federal vehicle standards to achieve necessary mobile source emission reductions.

STATE IMPLEMENTATION PLANS AND THE CRITICAL ROLE OF FEDERAL VEHICLE STANDARDS

The Clean Air Act requires states with areas designated as nonattainment to develop SIPs demonstrating how they will achieve emission reductions sufficient to attain and maintain the NAAQS. States must develop comprehensive emission inventories that identify all significant sources of pollutant emissions in the nonattainment area, including point sources (major industrial facilities), area sources (numerous small sources such as residential fuel combustion, commercial operations), non-road mobile sources (construction equipment, locomotives, aircraft), and on-road mobile sources (cars, trucks, buses). States identify specific control measures for each source category to achieve necessary emission reductions. For stationary sources, this may include new regulations, permit limits, or technology requirements. For mobile sources, states rely primarily on federal vehicle emission standards, with supplemental measures such as vehicle inspection and maintenance programs, transportation control measures, and incentive programs.

The SIP must demonstrate, using air quality modeling, that the planned control measures will reduce emissions sufficiently to achieve attainment by the statutory deadline. The SIP establishes motor vehicle emission budgets (MVEBs)—the maximum amount of NO_x and VOC emissions from mobile sources that is consistent with achieving attainment. These budgets become legally enforceable through EPA approval of the SIP and are used in transportation

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[6] *MPCA Air monitoring - Statewide criteria pollutants time series* (Criteria Pollutants Time Series tab, Pollutant standards selected "Fine particles: annual," "Fine particles: daily," and "Ozone 8-hour") https://data.pca.state.mn.us/views/Airmonitoring-Statewidecriteriapollutants/CriteriaPollutantDataExplorer?%3Aembed=y&%3AisGuestRedirectFromVizportal=y

[7] Ibid.

[8] Ibid.

conformity determinations to ensure that transportation plans and programs do not exceed the emissions budgets.

Federal vehicle emission standards are a foundational element of SIPs. When states develop emission inventories and projections, they typically use EPA's motor vehicle emission model (currently MOVES—the Motor Vehicle Emission Simulator), which incorporates federal vehicle emission standards and fleet turnover projections. If federal vehicle standards are overturned, the emission reduction assumptions built into approved SIPs become uncertain**.** States would face significantly higher future mobile source emissions than projected, creating gaps between projected and allowable emissions. This would trigger SIP revisions, require identification of alternative emission reduction measures, and potentially put attainment deadlines at risk. Transportation projects that have already been approved could also be put in jeopardy.

For example, agency plans[9] rely on projected reductions in on-road motor vehicle emissions to demonstrate continued maintenance of NAAQS, and these projections are embedded in the plan's motor vehicle emissions budgets used for transportation conformity. Those budgets assume continued fleet turnover and emission reductions under existing federal vehicle standards. If the standards are weakened, future on-road emissions would be higher than assumed in the approved SIP, undermining the maintenance demonstration and potentially invalidating the motor vehicle emissions budgets. In addition, if the ozone NAAQS is strengthened in the future and areas in attainment are designated nonattainment, higher mobile-source emissions would make it significantly more difficult to develop an approvable attainment SIP. Together, these risks could force repeated SIP revisions and jeopardize transportation conformity, creating uncertainty for infrastructure investment and economic development by putting future transportation projects and community growth at risk.

If federal vehicle emission standards are weakened, states would need to identify alternative emission reduction measures to fill the gap. Mobile source emission reductions from federal vehicle standards are among the most cost-effective emission reductions available. The cost per ton of NO_x or VOC reduced through vehicle standards is typically much lower than the cost per ton from additional controls on stationary sources. This is because vehicle emission controls are deployed across millions of vehicles during manufacturing, leveraging economies of scale and benefiting from continuous technological improvement. By contrast, retrofitting or upgrading individual stationary sources typically involves custom engineering and installation for each facility.

Requiring additional controls on stationary sources, particularly industrial facilities, could impose significant economic costs that may affect facility competitiveness, employment, and economic viability. While environmental regulations generally provide net benefits when health impacts are properly valued, the direct compliance costs fall on regulated entities and may

[9] For example, in Washoe County, Nevada, the Truckee Meadows PM_{10} Maintenance Plan.

influence facility location and investment decisions. States are reluctant to impose controls significantly more stringent than those in neighboring states or competing jurisdictions.

In many nonattainment areas, mobile sources dominate the emission inventory. For example, if mobile sources account for 60% of NO_x emissions, and the area needs a 30% total reduction to achieve attainment, then mobile sources need to provide the majority of that reduction simply due to their share of the inventory. Even with aggressive controls on all stationary and area sources, the necessary reductions may not be achievable without strong federal vehicle standards.

Some nonattainment areas are significantly affected by transported pollution from upwind sources outside the state's jurisdiction. While the Clean Air Act includes provisions for addressing interstate transport (such as the "Good Neighbor" provision of Section 110(a)(2)(D)), states cannot control emissions from upwind areas through their own regulations. This further limits the emission reductions available from within-state sources. Some jurisdictions have noted that even if they shut down all stationary sources within their borders, they would still be unable to achieve NAAQS attainment without strong federal vehicle standards.

The stark reality is that federal vehicle standards are not merely helpful—they are essential for many areas to achieve Clean Air Act compliance. In essence, the SAFE III proposal would create an unfunded mandate requiring states to offset pollution that would have been addressed by federal standards, without providing the resources or regulatory tools needed to achieve equivalent reductions.

The Clean Air Act establishes a cooperative federalism framework where federal, state, and local governments each play important roles. EPA sets NAAQS based on health and welfare criteria, establishes technology-based emission standards for major stationary source categories, and (jointly with NHTSA) sets emission and fuel economy standards for new motor vehicles. These federal standards create a national floor for emission controls.

State and local agencies implement the Clean Air Act through permitting programs, SIP development, air quality monitoring, fair and uniform enforcement, and supplemental control measures tailored to local conditions. States have flexibility to adopt measures more stringent than federal requirements when necessary to address local air quality challenges. This framework recognizes that certain emission sources—particularly mobile sources subject to interstate commerce—are most effectively regulated at the federal level, while other sources may be better addressed at the state or local level. The framework works when each level of government fulfills its respective responsibilities.

The SAFE III proposal undermines this cooperative federalism framework by weakening federal vehicle standards—area where federal action is most essential. This leaves state and local agencies with responsibility for attaining the NAAQS without access to one of the best tools necessary to control the largest source of emissions. The economic burden also falls disproportionately on states. State and local air agencies operate with limited budgets and must allocate scarce resources among competing priorities. The costs of identifying, adopting, and implementing alternative emission reduction measures to compensate for weakened federal

vehicle standards would strain already-stretched agency budgets. These costs include staff time for technical analysis and rulemaking, public engagement processes, enforcement and compliance assistance. Moreover, state and local businesses would face the regulatory and economic burdens of additional state-level controls needed to compensate for weakened federal vehicle standards.

CRITERIA AIR POLLUTANT EMISSIONS IMPACTS

NACAA's primary focus is on reducing air pollution and protecting public health. Mobile sources—including light- and heavy-duty on-road vehicles and nonroad equipment—are major contributors to multiple criteria pollutants that drive both ozone and $PM_{2.5}$ nonattainment. Transportation is the dominant anthropogenic source of NO_x nationally and often the largest single sector in urban nonattainment inventories, so any policy that increases fuel consumption per vehicle-mile (or slows fleet turnover to more efficient and zero-emission technologies) will increase NO_x from combustion, as well as upstream NO_x from petroleum refining and fuel distribution. Because NO_x is the key limiting precursor for ozone formation in most metropolitan areas and an important precursor for secondary nitrate $PM_{2.5}$, higher NO_x burdens directly translate into higher peak ozone concentrations and elevated $PM_{2.5}$, with regional transport extending these impacts hundreds of miles downwind.

Mobile sources also emit a substantial share of anthropogenic VOCs through tailpipe exhaust, evaporative losses, and refueling; these VOCs participate in photochemical ozone formation and include hazardous air pollutants such as benzene, formaldehyde, acetaldehyde, and 1,3-butadiene, which contribute to cancer risk and non-cancer respiratory morbidity. $PM_{2.5}$ from mobile sources arises both as primary emissions—diesel soot, non-exhaust particles from brake and tire wear, and resuspended road dust—and as secondary aerosol formed from mobile-source NO_x and SO_2; increases in vehicle miles traveled and vehicle mass associated with weaker fuel economy standards will tend to increase both primary and secondary $PM_{2.5}$, with well-documented impacts on premature mortality, cardiovascular and respiratory disease, and other serious endpoints. Although per-mile CO and SO_2 emissions have declined under existing emission and fuel sulfur standards, increases in total fuel throughput and vehicle activity still drive higher aggregate CO emissions (especially from cold-start operation) and additional SO_2 and sulfate formation from refineries and associated fuel supply infrastructure, incrementally adding to the criteria-pollutant and health burden attributable to the on-road sector.

NHTSA's Draft Supplemental Environmental Impact Statement acknowledges that the SAFE III proposal would increase criteria pollutant emissions compared to maintaining current standards. NHSTA should not proceed with a proposal that is likely to undermine decades of improvement in criteria air pollution.

CLIMATE CHANGE IMPACTS ON AIR QUALITY

In addition to worsening criteria air pollution, the proposal would also fail to address greenhouse gas (GHG) emissions that contribute to climate change—a problem that exacerbates other forms of air pollution. The transportation sector is the largest source of GHG emissions in the United States, accounting for approximately 28% of total U.S. GHG emissions when

considering direct emissions, and 29% when including indirect emissions from electricity used for transportation. Within the transportation sector, light-duty vehicles (passenger cars and light-duty trucks) account for approximately 57% of emissions, making them the single largest contributor to U.S. GHG emissions. The SAFE III proposal would increase CO_2 emissions by 1,052 million metric tons (though it is unclear from NHTSA's analysis whether this is cumulative through 2050 or annual emissions at some future date).

Climate change has direct impacts on air quality that make achieving and maintaining the ozone NAAQS more difficult. The relationship between climate and ozone is well-documented in scientific literature.[10] Ozone formation rates increase with temperature. Higher temperatures accelerate photochemical reaction rates, increase biogenic VOC emissions from vegetation, and create conditions conducive to ozone accumulation. Research has shown a strong correlation between higher ozone levels and warmer days—for every degree Celsius increase in temperature, ground-level ozone concentrations can increase by several parts per billion.

Climate change is extending the ozone season by creating warm, sunny conditions conducive to ozone formation earlier in spring and later in fall. Studies have documented that climate change shifts the seasonal ozone peak to earlier in the year and increases the amplitude of the annual cycle.[11] This means communities face more total days of elevated ozone exposure, increasing cumulative health impacts. Climate change may alter atmospheric circulation patterns, potentially increasing the frequency of stagnant conditions that trap pollution near the surface. Higher temperatures also drive increased demand for air conditioning, which increases electricity consumption and (in areas with fossil fuel generation) increases power plant emissions of NO_x and other pollutants that contribute to ozone formation. The combination of climate change effects on ozone and increased NO_x emissions from weakened vehicle standards creates a compounding negative impact. Warmer temperatures create conditions for worse ozone formation, while weaker vehicle standards provide more NO_x to fuel that formation. This makes achieving ozone NAAQS compliance significantly more difficult. Studies project that global climate change will likely cause 70 to 100-percent increases in ozone episodes during summer months, depending on the region. California, the Southwest, and the Northeast would be most affected, with some areas potentially experiencing up to nine additional days of dangerous ozone

[10] For example, "U.S. Ozone Air Quality under Changing Climate and Anthropogenic Emissions," Weaver et al., December 2008, *Environmental Science & Technology*, https://pubs.acs.org/doi/10.1021/es800854f; "Climate Change Penalty to Ozone Air Quality: Review of Current Understandings and Knowledge Gaps," Tzung-May Fu et. al., 2019, *Current Pollution Reports,* https://atmoschem.org.cn/papers/Fu_et_al_2019_Current_Pollution_Reports.pdf, and "Climate driven ground-level ozone extreme in the fall over the Southeast United States," Wang et. al., August 2016, *Proceedings of the National Academy of Sciences, https://sustainable.gatech.edu/index.php/hg/news/2016/08/22/climate-change-may-extend-ozone-season-southeastern-us*

[11] "Effect of climate change on surface ozone over North America," Dang et al, March 2016, *Geophysical Research Letters*, https://agupubs.onlinelibrary.wiley.com/doi/full/10.1002/2016GL068060

levels, while much of the rest of the country could experience an average increase of 2.3 days of unhealthy ozone.[12]

For example, Reno, NV is the fastest warming city in the United States, with average annual temperature increasing 7.6°F between 1960 and 2023.[13] Reno is expected to experience higher ozone concentrations due to its fast warming. An internal study completed by the Northern Nevada Public Health Air Quality Management Division of 2024 daily ozone concentrations and max daily temperatures showed a direct correlation between temperature and ozone concentrations. Relating this 7.6°F temperature increase to the data collected by the agency's Air Quality Management Division in 2024, this shows nearly a 6-ppb increase in ozone concentrations over the study period. Relaxed CAFE standards will lead to increased ozone precursor emissions that will further exacerbate the correlation between warming climate and ozone concentrations.

Climate change is also dramatically increasing wildfire frequency, intensity, and duration, with severe consequences for air quality. Wildfires generate massive quantities of $PM_{2.5}$ that can affect air quality across entire regions and even continents. Studies have found that wildfires contributed approximately 23% of surface $PM_{2.5}$ pollution during August through October 2020 in the contiguous United States. In recent years, nearly half of the annual average $PM_{2.5}$ in the U.S. has come from wildfires in some regions, reversing decades of air quality improvements.[14]

Research quantifying the health impacts of climate-driven wildfire $PM_{2.5}$ found that 15,000 of the 164,000 wildfire $PM_{2.5}$-related deaths from 2006 to 2020 (approximately 10%) were solely attributable to climate change, corresponding to $160 billion in economic damages. In some western states and counties, climate change-caused wildfire $PM_{2.5}$ accounted for 30-50% of wildfire mortality.[15] Since 2016, wildfire smoke has slowed or reversed air quality improvements in 35 states, undermining decades of progress from Clean Air Act implementation.[16]

The SAFE III proposal would exacerbate this cycle by increasing emissions that compound climate change, which increases wildfire frequency and severity, which worsens air quality. This represents a compounding effect where weakened vehicle standards undermine air

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[12] "Impact of increasing heat waves on U.S. ozone episodes in the 2050s: Results from a multimodel analysis using extreme value theory," Shen et. al., April 2016, Geophysical *Research Letters*, https://agupubs.onlinelibrary.wiley.com/doi/full/10.1002/2016GL068432

[13] "Earth Day: Fastest Warming Cities," *Climate Central*, April 2024, https://www.climatecentral.org/climate-matters/earth-day-fastest-warming-cities

[14] "Wildfires are deadlier and costlier due to climate change," Harvard TC Chan School of Public Health, May 2025, https://hsph.harvard.edu/climate-health-c-change/news/wildfires-are-deadlier-and-costlier-due-to-climate-change/

[15] "Anthropogenic climate change contributes to wildfire particulate air pollution–related mortality," Law et. al, May 2025, *Nature Communications Earth & Environment*, https://www.nature.com/articles/s43247-025-02314-0

[16] "The contribution of wildfire to $PM_{2.5}$ trends in the USA," Burke et. al, *Nature*, September 2023, https://www.nature.com/articles/s41586-023-06522-6

quality through multiple pathways: increased direct vehicle emissions, increased climate change impacts, and increased wildfire smoke.

State and local air agencies are struggling to address wildfire smoke impacts on air quality. Unlike emissions from stationary or mobile sources subject to regulatory controls, wildfire smoke is essentially uncontrollable once fires are burning. The only effective approach is to reduce the underlying drivers of increased wildfire activity—including climate change. Weakening vehicle fuel economy standards and increasing GHG emissions moves our country in the wrong direction.

STATE AND LOCAL AUTHORITY TO ADDRESS MOBILE SOURCE EMISSIONS

The Energy Policy and Conservation Act (EPCA) introduced provisions in 49 U.S.C. § 32919 stating that when a federal fuel economy standard is in effect, states may not adopt or enforce "a law or regulation related to fuel economy standards." The scope of this preemption, particularly whether it extends to state GHG emission standards and zero-emission vehicle programs, remains subject to litigation. In September 2019, NHTSA issued the SAFE I rule, which attempted to define the scope of EPCA preemption with the force of law. The rule declared that state regulation of GHGs from vehicles and zero-emission vehicle mandates are related to fuel economy and therefore preempted by EPCA. While the SAFE III proposal states it is not taking formal action regarding preemption, the preamble includes discussion of EPCA preemption that could influence judicial interpretation and create confusion about the legal status of state programs.

To preserve state authorities and enable our agencies to help attain and maintain the NAAQS, NACAA recommends that NHTSA reaffirm the conclusions from its 2021 repeal of the SAFE I rule. Although the SAFE III proposal does not formally adopt preemption provisions, preamble discussion and potential future actions could lead to preemption challenges against state programs. The combined effect would leave state and local air agencies with responsibility for achieving NAAQS compliance but without access to the most effective tool—vehicle emission standards—for controlling the largest source of emissions. This outcome is inconsistent with the Clean Air Act's goals and the cooperative federalism framework underlying environmental protection.

TECHNICAL AND METHODOLOGICAL CONCERNS

The proposal excludes battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs) from baseline fuel economy calculations. While 49 U.S.C. § 32902(h) requires the exclusion of electric vehicles when setting requirements to meet CAFE standards, the law does not require NHTSA to postulate a contrafactual baseline that does not match the real world in its analysis. 49 U.S.C. § 32902(a) requires the Secretary to "prescribe by regulation average fuel economy standards for automobiles manufactured by a manufacturer in that model year. Each standard shall be the maximum feasible average fuel economy level that the Secretary decides the manufacturers can achieve in that model year." The statute does not call for NHTSA to create a hypothetical circumstance that substitutes for the deployed fleet in its analysis.

The baseline in regulatory analysis should represent the world as it actually exists—the "but for" scenario absent the proposed regulation. Electric vehicles exist in the marketplace today and are projected to represent a growing share of new vehicle sales. Tesla, Rivian, and other EV-focused manufacturers exist because of market demand, technological advances, and various policy drivers beyond CAFE standards. Many additional automakers committed to EV production and have invested billions in EV manufacturing capacity for the same reasons. NHTSA has created an artificial analytical framework that eliminates EVs when calculating baseline fleet fuel economy but then acknowledges they exist when projecting future fleet composition. This internal inconsistency undermines the credibility of the analysis.

The legal basis for excluding EVs from the baseline is also unclear. While EPCA directs NHTSA not to consider "dual fueled" vehicles as dedicated alternative fuel vehicles when measuring compliance, this compliance measurement provision does not clearly require excluding EVs from baseline market analysis used to set standards. To assure regulatory certainty and legal durability of any final rule, NACAA urges NHTSA to include electric vehicles in baseline calculations, consistent with the principle that baselines should reflect real-world market conditions and manufacturer capabilities and plans.

The methodology used to reclassify vehicles from light trucks to passenger cars beginning in MY 2028 in the proposal also raises concerns. NACAA has historically supported the concept of unified car and truck standards to prevent manufacturers from gaming the system by shifting production toward larger vehicles subject to weaker standards. However, the specific implementation in this proposal appears designed not to prevent gaming but to justify weaker standards for both categories.

The reclassification process changes the makeup of vehicle classes and then uses linear regression analysis of the "new" car and truck fleets to justify weaker standards. The effect of this reclassification is that the most fuel-efficient trucks (small SUVs) become the least efficient vehicles in the passenger car class when reclassified, while their removal from the truck class makes that class appear less efficient overall. This provides technical justification for weaker baseline standards for both categories, but the justification is an artifact of the reclassification methodology rather than a genuine reflection of vehicle characteristics or technological capabilities. The shift from "model weighting" (which acts like simple averaging of all models) to "production rating" (which acts like volume-weighted averaging) gives disproportionate weight to higher-footprint, less efficient vehicles. This methodological choice further reduces apparent baseline stringency, justifying weaker standards. NACAA urges NHTSA to ensure that any vehicle reclassification reflects genuine changes in vehicle characteristics and market conditions, not methodological manipulation to justify weaker standards. Footprint curves should be developed using transparent, consistent methodologies that accurately reflect the fuel economy capabilities of vehicles in each size class.

NACAA also recommends that plug-in vehicles that use hybrid engines not be excluded from the baseline. Their exclusion may generate gaming by manufacturers who install them on low-mpg vehicles to exempt them from compliance. Moreover, including plug-ins in the baseline calculation maintains an incentive for the development of strategically vital components such as

power electronics, batteries, a robust decentralized power grid, and the domestic ability to manufacture such.

NHTSA proposes to exclude certain fuel-saving technologies from consideration when setting standards, based on claims these technologies are "not demanded by consumers" or have "questionable fuel economy benefits." EPCA requires NHTSA to set standards at the "maximum feasible average fuel economy level that the Secretary decides the manufacturers can achieve in that model year," considering: (1) technological feasibility, (2) economic practicability, (3) the effect of other motor vehicle standards, and (4) the need of the United States to conserve energy.[17] Technologies that are technologically feasible and economically practicable should be included in the analysis regardless of whether consumers actively demand them. Indeed, most emission control and fuel economy technologies were not "demanded by consumers" but were developed in response to regulatory requirements and subsequently provided benefits to consumers and society. Setting standards at "maximum feasible" levels requires comprehensive assessment of all available and emerging fuel-saving technologies, including:

- advanced internal combustion engines (downsizing, turbocharging, direct injection, variable valve timing)
- transmission improvements (more gears, continuously variable transmissions, dual-clutch transmissions)
- mass reduction through advanced materials (high-strength steel, aluminum, composites)
- aerodynamic improvements
- tire rolling resistance reduction
- air conditioning and other accessory efficiency
- hybridization and electrification, including extended-range electric technologies (EREVs)
- advanced engine stop-start systems.

Excluding proven technologies from this assessment artificially limits the apparent feasibility of fuel economy improvements and leads to standards below "maximum feasible" levels. NACAA urges NHTSA to conduct a comprehensive technology assessment including all proven fuel-saving technologies, consistent with the statutory mandate to set standards at maximum feasible levels.

The Energy Independence and Security Act of 2007 amended EPCA to require NHTSA to set standards that would achieve "at least" 35 miles per gallon for the combined light-duty fleet by model year 2020.[18] The SAFE III proposal projects achieving only 34.5 mpg by model year 2031—more than a decade after the statutory deadline and still 0.5 mpg below the level mandated by the statute. This failure raises fundamental questions about whether the proposed

[17] 49 U.S.C. § 32902(b)(2)(f).

[18] See the Department of Energy's legislative summary at https://afdc.energy.gov/laws/eisa.html.

standards can be considered "maximum feasible." NACAA urges NHTSA to revise the standards so that they do not fail to achieve the statutory 35-mpg mandate.

EPCA also requires NHTSA to promulgate fuel economy standards at least 18 months before the beginning of the model year to which they apply. Model year production typically begins in the summer or fall of the preceding calendar year. This means MY 2026 vehicles were already in production when the proposal was released in December 2025, making it impossible to provide 18 months lead time. NHTSA acknowledges changing its interpretation of the amendment authority from the agency's longstanding position that amendments are limited to minor adjustments made close to the model year.

The practical effect of retroactive standard-setting is to provide regulatory relief to manufacturers who may have failed to meet existing standards, rather than to establish prospective requirements that drive technological innovation and fleet improvements. This undermines the purpose of fuel economy standards. NACAA urges NHTSA to apply the lead time requirement consistent with statutory text and the agency's longstanding interpretation, and to set prospective standards that provide adequate time for manufacturer compliance.

EPCA explicitly authorizes NHTSA to set standards for "at least 1 but not more than 5 model years."[19] The SAFE III proposal attempts to set standards for ten model years (2022-2031). While NHTSA may have authority to subsequently extend standards or issue new standards for later model years, setting standards for ten model years in a single rulemaking appears to exceed statutory authority. A ten-year standard-setting effort that weakens requirements established just two years earlier undermines this congressional design.

EVALUATION OF ENVIRONMENTAL ISSUES AND COORDINATION WITH VEHICLE EMISSION STANDARDS

One of the most concerning aspects of the SAFE III proposal is NHTSA's request for comment on whether the agency should consider environmental impacts, including air pollution, when setting fuel economy standards. In the preamble to the proposal, NHTSA acknowledges that its proposed standards would increase air pollution both from upstream emissions due to increased fuel production and from emissions attributable to increased fuel consumption. Failing to consider these effects would represent a dramatic potential shift in how NHTSA interprets its statutory mandate. EPCA directs NHTSA to consider "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" when determining maximum feasible fuel economy levels.[20] While air quality is not explicitly listed among these four factors, the "effect of other motor vehicle standards" has always been interpreted to include consideration of how CAFE standards interact with EPA's air quality standards under the Clean Air Act. If NHTSA were to adopt a formal policy of disregarding air quality impacts when setting fuel economy

[19] 49 U.S.C. § 32902 (b)(3)(B).

[20] 49 U.S.C. § 32902(f).

standards, it would create a significant gap in federal efforts to protect air quality and public health.

CAFE standards set by NHTSA under EPCA and vehicle emission standards set by EPA under the Clean Air Act are closely related and should be coordinated. The technologies that improve fuel economy—lighter materials, more efficient engines, reduced aerodynamic drag, improved transmissions, hybridization, and electrification—also generally reduce criteria-pollutant and GHG emissions. Coordinated standards leverage these co-benefits to maximize overall benefits for public health, the environment, energy security, and consumer costs.

NACAA urges NHTSA to coordinate with EPA and state and local agencies to ensure that fuel economy standards support Clean Air Act goals including NAAQS attainment, air toxics reduction, and climate change mitigation. A coordinated multi-pollutant approach that addresses criteria pollutants, air toxics, and greenhouse gases through complementary EPA and NHTSA standards provides the greatest air quality and public health benefits.

ECONOMIC IMPACTS

While NACAA's primary focus is air quality and public health, the economic analysis in the proposal warrants comment because it directly relates to environmental outcomes and affects NHSTA's stated justification for weakening standards. The monetized health benefits lost due to increased criteria pollutant emissions—$1.72 to $3.53 billion—significantly exceed claimed vehicle cost savings and represent only a fraction of true health costs. Many health impacts including asthma exacerbations, missed school and work days, emergency room visits, and reduced quality of life are difficult to monetize but represent real harm to real people. The true public health burden of this proposal may be substantially larger than NHTSA's estimates.

The proposal claims to reduce average upfront vehicle costs by $925, but this is more than offset by increased per-vehicle fuel costs ranging from $1,112 to $1,431 depending on discount rates. The proposal also projects a loss of 7,185 jobs in MY 2031. Strong fuel economy standards support employment in advanced automotive manufacturing, battery production, electric powertrain development, charging infrastructure, and related industries. Weakening standards may provide short-term relief to traditional automotive manufacturing but undermines long-term competitiveness and employment in the growing clean-vehicle sector.

Living in nonattainment areas has costly health consequences. The health impacts of poor air quality impose substantial economic costs in turn, through increased healthcare expenditures, lost productivity from missed work and school days, reduced quality of life, and the economic value of premature mortality. NHTSA's own analysis monetizes the health benefit losses from increased criteria pollutant emissions at $1.72 to $3.53 billion, but this likely substantially understates the true economic burden.

NHTSA should not finalize any proposal whose economic analyses do not reflect both costs and benefits—including public health impacts and other results of air pollution increases.

ADDRESSING COMPLIANCE WITH INCENTIVES

On July 4, 2025, Congress enacted the One Big Beautiful Bill Act (OBBBA), which amended 49 U.S.C. § 32912 to set the civil penalty for noncompliance with CAFE standards to $0. Prior to this change, manufacturers faced penalties of $17 per vehicle for each tenth of a mile per gallon that their fleet average did not meet the standard. This legislative change eliminates what had historically been the primary mechanism ensuring manufacturer compliance with fuel economy standards. Without meaningful financial consequences for noncompliance, manufacturers face no economic imperative to meet fuel economy targets, potentially rendering CAFE standards aspirational and failing to drive any real-world improvements in vehicle efficiency and associated air quality benefits.

For state and local air agencies that have incorporated projected mobile source emission reductions from federal fuel economy standards into their SIPs, the elimination of penalties creates uncertainty about whether manufacturers will actually achieve the fuel economy levels that underpin air quality modeling and attainment demonstrations. If compliance becomes voluntary in practice, the emission reduction benefits that states have counted on may not materialize, jeopardizing the ability of states and localities to meet the NAAQS and protect public health.

NHTSA should therefore consider alternative regulatory approaches that create meaningful regulatory drivers for fuel economy improvement even in the absence of civil penalties. An incentive-based approach that provides manufacturers with financial benefits for producing the cleanest, most fuel-efficient vehicles—with incentive levels scaled to miles-per-gallon performance—could restore the economic signal that drives technological innovation and fleet efficiency improvements. Such an approach would reward manufacturers who invest in advanced efficiency technologies and zero-emission vehicles, use competitive market instruments to improve fuel economy across the industry, and provide NHTSA with a mechanism to influence fleet composition and average efficiency levels. Rather than penalizing noncompliance, an incentive program would affirmatively reward efficiency achievements, potentially generating greater industry support while still driving the emission reductions that state and local air agencies need to achieve their Clean Air Act obligations. NHTSA should act on this opportunity. The agency should explore the structure, legal authority, funding mechanisms, and implementation details of such a program as part of this rulemaking or in a subsequent proceeding.

CONCLUSION

The SAFE III proposal would significantly weaken federal fuel economy standards, increase harmful air pollution, undermine state and local air quality programs, and eliminate critical state authority to address mobile source emissions. For state and local air pollution agencies represented by NACAA, this proposal creates very serious challenges for achieving and maintaining the NAAQS and protecting public health.

NACAA urges NHTSA to maintain strong fuel economy standards that:

1. Continue progress toward greater efficiency consistent with technological capabilities and the statutory mandate for “maximum feasible” fuel economy

2. Protect air quality and public health by reducing criteria pollutant emissions that cause premature mortality, respiratory illness, cardiovascular disease, and other serious health impacts
3. Support state and local air quality programs by providing the mobile source emission reductions that are essential for NAAQS attainment in hundreds of nonattainment areas nationwide
4. Respect state and local authority to address mobile source emissions
5. Consider environmental impacts when setting fuel economy standards, consistent with EPCA's direction to consider "the effect of other motor vehicle standards"
6. Use sound methodologies including electric, extended-range electric, and plug-in hybrid vehicles in baseline calculations, conducting comprehensive technology assessment, and avoiding vehicle reclassification schemes that artificially justify weaker standards
7. Meet statutory requirements including achieving the 35-mpg mandate, providing adequate lead time, and setting standards for no more than 5 model years
8. Coordinate with EPA standards to achieve complementary air quality and climate benefits through multi-pollutant emission reductions
9. Implement incentives to facilitate compliance
10. Provide long-term certainty for manufacturers, states, and the public through durable standards that drive technological innovation and continuous improvement.

The need for protective vehicle standards is becoming more urgent, not less. American communities face continued exposure to vehicle-related air pollution and the upstream health effects of fuel production and consumption. This affects the lives of our most vulnerable neighbors through shortened lives, worsened health, and diminished prosperity. Federal vehicle standards are among the most effective tool available to state and local air agencies for controlling air pollution. Weakening these standards will make it significantly more difficult, and in many cases impossible, for clean air agencies to meet their Clean Air Act obligations and protect the people they serve. Climate change is increasing ozone episodes and extending ozone season. Wildfires driven by climate change are reversing decades of air quality improvements in many regions. Hundreds of nonattainment areas struggle to achieve NAAQS compliance. All of these challenges require stronger, not weaker, federal vehicle standards.

NACAA appreciates the opportunity to comment on this proposal. We stand ready to work with NHTSA to develop vehicle fuel economy standards that protect air quality, public health, and state and local authority while providing regulatory certainty for manufacturers and supporting the transition to clean, efficient vehicles.

Sincerely,

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