

July 5, 2023

Hon. Michael Regan, Administrator
U.S. Environmental Protection Agency
Docket EPA-HQ-OAR—2022—0829
1200 Pennsylvania Avenue NW
Washington, DC 20460

Submitted via Regulations.gov

RE: Proposed Rule: Multi-Pollutant Emissions Standards for Model Years 2027 and Later Light-Duty and Medium-Duty Vehicles

Docket ID EPA-HQ-OAR-2022-0829

Dear Administrator Regan:

I appreciate this opportunity to provide comments¹ to the United State Environmental Protection Agency on the proposed emissions standard, entitled “Multi-Pollutant Emissions Standards for Model Years 2027 and Later Light-Duty and Medium-Duty Vehicles.”

In summary, this comment will focus on how the proposed standard grossly overlooks the impact on low-income Americans and should therefore not move forward until this analysis is conducted.

The proposed rule’s impact on low-income Americans is vastly under analyzed in the proposed rule’s publication in the Federal Register and the Draft Regulatory Impact Analysis.

Fully Monetize the Proposed Rule’s Impact on Low-Income Households

Though the proposed rule acknowledges “that increases in upfront purchase costs are likely to be of particular concern to low-income households,” it goes on to state on page 29368 that “we look more closely into, but do not monetize, the effects of the standards on low-income households and on consumers of low priced new vehicles and used vehicles.”

Neglecting to fully account for the monetized impact of a proposed rule on disproportionately impacted populations is an inexcusable oversight and matter of gross negligence. Academic research has long demonstrated that environmental regulations impose a higher cost on low-income Americans as compared to the population generally.²

The reality is that environmental regulations increase vehicle costs substantially. One academic study investigated the combined costs of all National Highway Traffic Safety Administration,

¹ The views I have expressed in this comment are my own and should not be construed as representing any official position of The Heritage Foundation.

² Graham, John D., “Saving Lives Through Administrative Law and Economics,” *University of Pennsylvania Law Review*,” P. 521, 2008-2009, (<https://biotech.law.lsu.edu/blog/graham157upalrev3952008pdf.pdf>)

Environmental Protection Agency, and California Air Resources Board light duty-regulations and found that they increased vehicle prices by \$6,000 to \$7,000. Put another way, environmental regulation increases the purchase price of most vehicles by 15-20 percent.

Given that 12.8 percent of Americans live in poverty³ and that the mean income for the lowest two quintiles of American incomes is \$13,165 and \$34,767⁴, respectively, low-income Americans are already being financially disadvantaged by environmental regulation. According to Kelly Blue Book, the five least expensive sedans available in 2023 cost between \$16,490 and \$18,500.⁵ At current prices, a new car is already beyond the reach of most low-income Americans, which is one reason why only around 17 percent of low-income households purchase new cars.⁶ Given that, according to Cars.com, the top five least expensive electric vehicles (EVs) range from \$27,495 to \$35,485⁷, the proposed rule will undoubtedly make new vehicles unaffordable for nearly all low-income Americans and make purchasing even used vehicles more difficult, if not impossible.

This is an unacceptable outcome for any regulation as research firmly establishes that access to a car comes with a litany of positive social benefits including upward economic mobility, public safety benefits, and healthcare and education opportunities.⁸ Any public policy that could threaten access to autos for low-income households should be a nonstarter.

Low Income Americans Accrue Little to No Benefits

The proposed rule suggests, without being monetarily specific, that the rule's additional costs to low-income Americans will be offset with saving on maintenance and fuel savings. Even a cursory look at the academic research on low-income households and car ownership and industry reports demonstrates that none of these claims are legitimate.

The proposed rule states on page 29368 that, "the introduction of more stringent standards leads to higher purchase prices and lower fuel expenditures." It goes on to argue that the lower fuel expenditures will be of even greater significance to low-income households because fuel costs are a larger portion of the expenses for low-income households, that lower price new cars are generally more fuel efficient, and fuel efficiency does not decline for used vehicles while prices do.

³ Benson, Craig, United States Census Bureau, "*Poverty Rate of Children Higher Than National Rate, Lower for Older Populations*," October 4, 2022, (<https://www.census.gov/library/stories/2022/10/poverty-rate-varies-by-age-groups.html>).

⁴ Bureau of Labor and Statistics, "*Table 1101. Quintiles of Income Before Taxes: Annual Expenditure Means, Shares, Standard Errors, and Coefficients of Variation, Consumer Expenditure Surveys, 2021*," (<https://www.bls.gov/cex/tables/calendar-year/mean-item-share-average-standard-error/cu-income-quintiles-before-taxes-2021.pdf>).

⁵ "Cheapest Sedans of 2023 & 2024," *Kelly Blue Book*, (<https://www.kbb.com/cheapest-cars/cheapest-sedans/>).

⁶ Klein, Nicholas J., Basu, Rounaq, and Smart, Michael J., "In the Driver's Seat: Pathway to Automobile Ownership for Lower-Income Households in the United States," *Transportation Research Interdisciplinary Perspectives* 18, p. 4, " 2023, (<https://www.sciencedirect.com/science/article/pii/S2590198223000349#:~:text=The%20Survey%20of%20Household%20Economics,compared%20with%2013%20%25%20of%20households>).

⁷ "Here are the 11 Cheapest Electric Vehicles You Can Buy," *Cars.com*, June 23, 2023, (<https://www.cars.com/articles/here-are-the-11-cheapest-electric-vehicles-you-can-buy-439849/>).

⁸ Klein, N. J., "Subsidizing Car Ownership for Low-Income Individuals and Households," *Journal of Planning Education and Research*, 2020, (<https://doi.org/10.1177/0739456X20950428>).

The problem with the EPA's reasoning is that as demonstrated above, very few low-income households purchase new vehicles and thus will not accrue any of the alleged fuel efficiency savings associated with a new vehicle purchase. This problem will be exacerbated by the proposed rule as more, higher priced EV's are pushed into the market driving prices even higher, further removing low-income households from the alleged fuel efficiency benefits.

Even should low-income Americans procure an EV, their lack of access to charging stations will likely further diminish any potential fuel savings. The proposed rule's Draft Regulatory Impact Analysis acknowledges on page 11-12 that low-income households often will not have access to residential charging stations and will therefore have higher fuel costs and "larger overall energy burden."

Further, the EPA argues that low-income households will benefit from savings passed on through the used car market. First, buying a used EV is a much different proposition than purchasing a used internal combustion engine vehicle. For instance, much of the cost and value of EVs resides in their batteries, but many used EVs have significantly diminished battery life. A well-maintained internal combustion engine vehicle with 100,000 miles could have a couple hundred thousand miles of life left. An EV with 100,000 miles is a much bigger gamble as most EV batteries are only warranted for around 100,000 miles.⁹ Suggesting that low income families saddle themselves with the potential \$5,000 to \$15,000 costs¹⁰ for replacing a lithium ion battery for their newly purchased used EV is hardly a recipe for cost savings.

Conclusion

Research shows that low-income Americans too often carry the disproportionate financial burden of environmental regulation. That is bad enough but this regulation goes further by making car ownership more expensive and putting it out of reach of more people. Given that car ownership is a key component for many Americans to lift themselves out of poverty, any regulation that threatens such should be a nonstarter. Though ceasing any action on this regulation would be the best outcome, I implore you to at the very least, take the time to fully monetize and account for the financial burdens you are asking America's low-income families to endure.

Sincerely,

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⁹ Mcaleer, Brendan, "Electric Car Batter Life: Everything You Need to Know," *Car and Driver*, October 26, 2022, (<https://www.caranddriver.com/research/a31875141/electric-car-battery-life/>).

¹⁰ Pratt, Devin, "What Happened to the Old Batteries in Electric Cars?," *Consumer Reports*, February 23, 2022, (<https://www.consumerreports.org/cars/hybrids-evs/what-happens-to-the-old-batteries-in-electric-cars-a1091429417/>).