Plymouth Institute for Free Enterprise

Consumer Choice in Cars and Trucks

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ADVANCING AMERICAN FREEDOM

TOPLINE: Policymakers should reject electric vehicle (EV) mandates and eliminate laws and regulations that limit the types of vehicles that Americans can drive.

BACKGROUND: Tailpipe Regulations. Since its creation in 1970, the EPA has regulated vehicle emissions under the Clean Air Act (CAA). Initially, this dealt with smog-producing and harmful pollutants like nitrogen dioxide and carbon monoxide, but the EPA's 2009 Endangerment Finding (see p. 19) expanded its own authority to limit greenhouse gases (GHGs) like carbon dioxide. A 2026 EPA rule rescinded that finding.

California Waivers. Under the CAA, the EPA administrator can grant California a waiver allowing it to impose emission standards that are more stringent than federal standards *if* it faces "compelling and extraordinary conditions." In 2022, California regulators imposed a radical mandate, requiring that zero-emission EVs and plug-in hybrid EVs account for 35% of model year 2026 sales, ratcheting up to 100% by 2035. In 2025, Congress and President Trump nullified the California EV mandate waiver using the Congressional Review Act (CRA). In June 2026, the EPA transmitted four other Obama- and Biden-era California waivers that previous EPAs had failed to transmit, now giving Congress "its statutorily required opportunity to review."

CAFE Standards. Automakers have faced fleetwide Corporate Average Fuel Economy (CAFE) standards since 1978. The fleetwide average standard was about 27.5 miles per gallon (mpg) for passenger cars from 1985 to 2010 and about 20-21 mpg for light trucks at that time. Targets now differ depending on the sizes of vehicles in carmakers' fleets. For a typical fleet, applicable CAFE targets have more than doubled: 59.4 mpg for passenger car fleets and 42.4 mpg for light truck fleets. The One Big Beautiful Bill zeroed out civil penalties for missing CAFE standards, limiting current enforcement.

Action Items (Congress):

- **Nullify the four California waivers** that the EPA transmitted.
- **Fully repeal CAFE standards and section 209(b) CAA waivers**.

EV Mandates and Strict Regulations Price Consumers out of the Market:

- Federal CAFE standards have been used as a backdoor EV mandate. Requiring compliance with the 59.4 mpg target for 2026 and the 66.4 mpg target for 2032 would force carmakers to produce far more EVs and fewer gas-powered vehicles.
- Even with heavy subsidies, the average price of a new EV was more than $8,000 higher than the price of an average new car in 2025.

Related Legislation: Preserving Choice in Vehicle Purchases Act (H.R. 346); Choice in Automobile Retail Sales Act (S. 995).

BOTTOMLINE: Stringent regulations push Americans into vehicle options they don't want or out of the vehicle market altogether, while crowding out other innovations.