

August 2, 2019

ATTORNEY GENERAL RAOUL FILES LAWSUIT CHALLENGING REDUCTION OF PENALTIES FOR INDUSTRY VIOLATIONS OF FUEL EFFICIENCY STANDARDS

Chicago — Attorney General Kwame Raoul, along with a coalition of 12 attorneys general, today filed a lawsuit in the U.S. Court of Appeals for the 2nd Circuit challenging a final rule issued by the National Highway Traffic Safety Administration (NHTSA) that reduces necessary penalties for automakers that fail to meet corporate average fuel economy (CAFE) standards.

The rule repeals and replaces the previous administration's rule which imposed an inflation-adjusted penalty of \$14 for every tenth of a mile-per-gallon (mpg) that an automaker falls below the CAFE standards, as required by the 2015 Federal Civil Penalties Inflation Adjustment Act. The NHTSA's replacement rule would reduce the penalty for automakers violating standards to \$5.50 per tenth of an mpg, an amount far below the inflation-adjusted penalty required by law.

"This rule unlawfully cuts penalties for automakers failing to meet standards that protect our environment and public health," Raoul said. "The NHTSA's effort to roll back these standards is not only unlawful, but irresponsible. Residents will have less fuel-efficient vehicle choices on the market, pay more for gas, and will suffer from increased pollution."

[In the lawsuit](#), Raoul and the coalition assert the NHTSA's new rule is unlawful and rewards automakers that fail to manufacture fuel-efficient vehicles. Raoul argues that the replacement rule:

- Violates the Inflation Adjustment Act, which mandated that public agencies update their civil penalties to account for inflation using a clear timetable and formula for adjustment.
- Is based on an incorrect interpretation of the NHTSA's statutory obligations.
- Conflicts with Congress' intent, which did not exempt the CAFE penalty from mandatory inflation adjustment requirements.
- Is based on inaccurate assumptions of the economic impact of the inflation-adjusted penalties.

This replacement rule follows a previous attempt by the federal government to delay the updated penalty. On July 12, 2017, NHTSA published a notice in the Federal Register to announce an indefinite delay of the penalty. Following a lawsuit, the U.S. Court of Appeals for the 2nd Circuit ruled against the attempt in April 2018.

Joining Raoul in filing the lawsuit are the attorneys general from California, Connecticut, Delaware, the District of Columbia, Maryland, Massachusetts, New Jersey, New York, Oregon, Rhode Island, Vermont, and Washington.