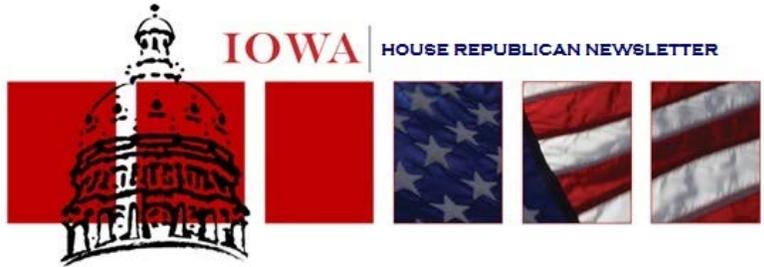


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## **EPA Announces it Will Put the Brakes on Obama-Era Rules**

On Monday, April 2, 2018, the United States Environmental Protection Agency (EPA) announced that it would be modifying Obama administration's going out the door rule update concerning motor-vehicle corporate fuel economy (CAFE) requirements that have stringent gas mileage rules that would have required automakers to produce car fleets that averaged over 50 miles per gallon by 2025. U.S. Environmental Protection Agency Administrator Scott Pruitt said the mileage rules are "not appropriate and should be revised" in a determination announced Monday. The Trump administration did not disclose what the recommendations for the new standards will be. The auto industry praised the decision, but groups representing consumers and environment were quick to criticize, and the California Air Resources Board and the state's attorney general said it would fight any rollback.

EPA Director Pruitt observed that--"The Obama administration's determination was wrong." referencing the Obama administration's decision to finalize CAFE standards ahead of schedule in the months after Trump's 2016 win and before he took office on January 20, 2017. Director Pruitt added--"Obama's EPA cut the midterm evaluation process short with politically charged expediency, made assumptions about the standards that didn't comport with reality, and set the standards too high." He said the EPA will launch a new rulemaking process to craft new mileage rules for the model years between 2022 to 2025. The decision is a major win for automakers, who argued that the Obama-era rules were too stringent and pushed the Trump administration to revive the mid-term review they were promised that was supposed to conclude in April 2018.

According to an article published by the *Detroit News* by Keith Laing on April 2, 2018, Peter Welch, president and CEO of the National Automobile Dealers Association, which represents franchised car dealership owners, said regulators have to keep in mind the impact of fuel economy standards on the overall cost of cars. "Standards alone – whatever they are – won't do the trick," he said. "But smart standards that maintain affordability and encourage fleet turnover will help maximize the number of cleaner, safer and more fuel-efficient vehicles we get on the road every year." The fuel-economy rules were enacted in 2012 and began taking effect with the 2017 model year. They called for ramping up from the current fleet-wide average of about 35 miles per gallon for cars and trucks to an eventual goal of between 50 and 52.6 miles per gallon by 2025. The goal was [revised down](#) from an initial target of 54.5 miles per gallon.

The average fuel economy of cars and trucks hit a record 24.7 miles per gallon for the 2016 model year, the EPA reported in January. It was expected to rise to 25.2 miles per gallon for 2017. The report measured fuel economy in real driving conditions, which is less than the official EPA figures on window stickers. The CAFE rules, intended to reduce dependence on foreign oil and reduce greenhouse gases, were put in place by the Obama administration when gas prices topped \$4 per gallon. Automakers have since argued that the

rules are too stringent, and drivers have demonstrated in recent years that they are less interested in fuel-efficient cars and electric vehicles with gas prices that are now around \$2.50.

The Obama administration's mileage rules for the model years between 2017 and 2021 were locked in place by a 2012 agreement between the former president and almost every major automaker. The first half of the mileage increase required an average of over 35 miles per gallon for 2017 models. The mileage rules then called for automakers to achieve a fleet-wide average mileage rate of more than 36 miles per gallon for cars and trucks in 2018. The standard increases to more than 37 miles per gallon in 2019 and nearly 39 miles per gallon in 2020.

Under the Obama administration's rules, automakers would have faced fines of \$5.50 for each one-tenth of a mile-per-gallon their average fuel economy falls short of the standard for a model year, multiplied by the total volume of vehicles sold. Automakers were allowed to purchase credits from other auto companies that have come in under the mileage requirements to cover pollution deficits.

When the increasingly stringent CAFÉ goals for 2025 were devised in 2012, there was acknowledgement by advocates of this policy that the standards would be difficult to achieve, but there was hope that by pushing the industry, it might result in a technological breakthrough that might make the goal achievable. However, as the midpoint in effort approaches, it is clear that no such cost-effective technology has been developed or realistically identified. A problem is that while small electric cars have been developed such as the Tesla model three, there have been significant production problems and such technology in small to mid-size cars adds ~10,000 to \$15,000 to the cost compared to a similar sized and outfitted vehicle. Additionally, equipping larger vehicles such as pickup and larger mini-vans and crossovers require larger and heavier electrical power systems, increasing the price premiums for such electrical powered vehicles. Furthermore, the problem of significant range decline of all-electric powered vehicles will complicate the use of this technology in the Nation's colder climates as will the loss of road gripping ability of low-resistance tires that while they may increase fuel efficiency mileage, have some serious safety trade-off for larger profile vehicles or light weight auto on snow or frozen covered roads.

## **Governor Signs Comprehensive Mental Health Bill**

Last week, the Governor signed [House File 2456](#), a bill drafted and led by House Republicans to significantly address gaps in the mental health system in the state.

This is an issue that is personal to many Iowans. Few people are immune from the loss of a family member or friend who suffered from a lifelong battle with depression. Too often there is another tragic story in the news of a family feeling hopeless as they seek treatment far from home for their loved one's chronic mental illness; but sadly, even more frequently, the stigma associated with mental illness drives the family to silence.

Legislators are regularly contacted about the costs for law enforcement to drive across the state and find inpatient psychiatric beds; the costs to the hospitals that are not reimbursed for a patient no longer in need of acute level placement; and the costs to our jails and prisons for unintentionally becoming the default locations to treat individuals with mental illness.

House Republicans carefully modeled HF 2456 based on recommendations from mental health experts in the state and this bill takes a significant step forward to address these complex issues.

The Republican plan increases access to mental health services and creates new services for urban and rural communities in Iowa. By removing the statewide sub-acute bed cap and adding new services to the core list

required by Iowa's 14 Mental Health and Disability Service Regions, this bill will help deescalate mental health patients before crisis and wrap services around them when they are prepared to return home. The non-partisan Legislative Services Agencies estimates that Medicaid members will make up 80% of the clientele using these preventative services, and this bill ensures long-term sustainable funding for these mental health and substance abuse services as Medicaid covered services.

Importantly, this bill returns mental health care determinations to medical professionals, instead of judges and law enforcement officers. Mental illness is a health condition, and it should be treated as compassionately as any other illness.

This bill takes a significant step forward in improving the mental health system in Iowa and passed unanimously out of both chambers. A detailed analysis of the bill can be found [here](#).

## **Iowa DOT Decides Tolls Are Not an Option**

You may have heard recently that the DOT conducted a study stating tolling on I-80 was a viable option. A study is one thing, but looking at the big picture and all the considerations that includes, the DOT does not intend to pursue tolling at this time.

Here are a few reasons why:

- It doesn't work well in Iowa's open, farm-to-market grid system and pushes traffic to roads that are not built for interstate traffic.
- It is not authorized by state or federal law.
- It is not consistent with our "pay as you go" approach to road and bridge funding.
- It is not an option supported by industry groups or the public.

As a result, the DOT is no longer considering or doing any further study on tolls in Iowa.