

Recognizing that unjustified regulatory burdens can be particularly challenging in a weak economy, President Obama issued [Executive Order 13563](#) instructing each regulatory agency to “periodically review its existing significant regulations to determine whether any such regulations should be modified, streamlined, expanded, or repealed so as to make the agency’s regulatory program more effective or less burdensome in achieving the regulatory objectives.” While the public focus of this initiative is on reducing regulatory burdens, some of the most significant actions appear to be increasing them, as the administration’s recently proposed Tier 3 vehicle emission and fuel standard illustrates.

In its January 2013 [progress report](#), the Environmental Protection Agency listed Tier 3 as its first retrospective review action. Tier 3 would both establish new automobile tailpipe emission standards and reduce allowable sulfur content in gasoline. According to EPA, “In general, we believe that these changes would reduce burden on industry with no expected adverse environmental impact.”

Now that EPA has released its Tier 3 proposal however, it is not at all clear how it could be viewed as reducing burdens. According to EPA’s analysis, the vehicle portion of the standards alone will cost car buyers between \$17.3 billion and \$35.1 billion through 2050. Under one of the proposed standards, reducing sulfur content in gasoline will cost refiners \$2.5 billion upfront in capital investments and \$580 million annually thereafter, which translates to an increased consumer cost of between 1 and 6.5 cents per gallon of gasoline. EPA projects the combined cost of the proposed vehicle and gasoline standards at \$3.4 billion per year in 2025.

So why does EPA count this regulation as a burden reducer? According to EPA’s progress report: “As part of the Tier 3 vehicle and fuel standards rule, EPA intends to review existing gasoline and diesel regulations that apply to fuel producers, ethanol blenders, fuel distributors, and others for areas where recordkeeping and reporting obligations can be modified to reduce burden.” However, recordkeeping burden reductions (if any materialize during this regulatory process) would surely pale in comparison to the massive additional burden added by the rule.

As President Obama reiterated in [Executive Order 13610](#):

During challenging economic times, we should be especially careful not to impose unjustified regulatory requirements. For this reason, it is particularly important for agencies to conduct retrospective analyses of existing rules to examine whether they remain justified and whether they should be modified or streamlined in light of changed circumstances, including the rise of new technologies.

The President seemed [optimistic](#) that retrospective review could be the cure for these challenging economic times, but if the new Tier 3 proposal is any indicator, the cure may be worse than the disease.

