

## MANUFACTURING, FLEET, & DEALER IMPACT

# REGULATORY ROADMAP

### NAVIGATING TRANSPORTATION REGULATIONS

November 25, 2025

2019 LAWRENCE R. KLEIN BLUE CHIP AWARD WINNER

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Since President Trump's inauguration, he, his administration, and Congress haven't wasted any time propelling a new agenda for transportation regulations. On day one, Trump issued an executive order, Unleashing American Energy. It is a wide-ranging and specific order calling for the end of "EV mandates," terminating related California emissions waivers and halting Inflation Reduction Act (IRA) funding. It also called for a review of the Environmental Protection Agency's (EPA) 2009 Endangerment Finding (that GHGs threaten the public health and welfare of current and future generations).

Whether you're a manufacturer, dealer, fleet, or logistics provider, staying ahead of these shifting policies is crucial. The road ahead may be uncertain, but understanding the risks and opportunities now will help you navigate it successfully. That's where this report comes into play. Businesses across the trucking industry need to understand both the rules that are already in motion and the possible disruptions ahead. Whether the administration fully repeals, modifies, or delays key regulations, the impact on equipment decisions, fleet planning, and operational costs will be significant.

This report provides a clear breakdown of the current regulations, the potential paths forward, the critical unknowns that could reshape compliance requirements, and what industry stakeholders should be considering to stay prepared.

#### **FEDERAL ACTIONS**

<u>CARB Waiver Review:</u> On April 2, the House and Senate introduced joint resolutions of disapproval to overturn the three waivers. The Government Accountability Office (GAO) has determined twice over the last few years, and the Senate parliamentarian reaffirmed more recently, that waiver determinations are not subject to congressional approval under the Congressional Review Act (CRA) because they are not agency rules. The Senate parliamentarian also required 60 votes to pass in the Senate, instead of the simple majority usually required under the CRA, due to the unusual nature of proceedings. Regardless, the House and Senate (ignoring the parliamentarian's determination and using only simple majority) opted to vote in favor of the resolutions. On June 12, all three resolutions were signed by the president. This means that, effectively, the waiver determinations are rescinded.

California (and the 10 other states that had adopted Advanced Clean Trucks) filed a lawsuit against the federal government and EPA the same day the resolutions were signed. The case is ongoing. Earlier this month, the parties agreed to a briefing and hearing schedule, with the motion hearing set for January 19, 2026.

<u>Transportation Freedom Act:</u> The Transportation Freedom Act (SB 711) tackles issues related to auto workers and passenger vehicle regulations, but most importantly for the CV industry, it takes aim at GHG-3 and California waivers. The bill would attempt to repeal GHG-3, though that rule falls outside of the time constraints for a direct repeal under the Congressional Review Act. The bill was introduced on February 25 and has been referred to the Senate finance committee.

The bill would require the EPA to develop new GHG-3 standards that reflect achievable technological advancements based on affordability and market readiness and rely on evidence from industry market data and expert feasibility assessments. While the new rules would be developed, this bill states that the MY 2024 standards under GHG-2 would be the prevailing standards. This bill does *not* attempt to repeal or change the EPA's 2027 low-NOx rule.

The Transportation Freedom Act also contains a major upheaval to the Clean Air Act, and California, should it pass. The bill would amend the Clean Air Act to include a paragraph stating that no further waivers would be granted for any rules on vehicle emissions that differ from federal rules. It would revoke any waivers issued prior to the enactment of the bill, which would include things like Advanced Clean Trucks and HD Omnibus. The bill would also amend the Clean Air Act by repealing Section 177, which allows other states to adopt California's

emissions standards instead of federal standards. This would be a major overhaul of a long-standing authority for California to set its own vehicle emissions standards based on the unique air quality problems in the state.

**EPA to Reevaluate 2027 HD Low Nox:** On March 12, the EPA announced it would "reevaluate" the 2027 HD low-NOx rule. We expect that reevaluation may primarily impact the useful life (UL) and warranty standards expected to significantly increase the price of trucks in 2027.

#### **EPA's GHG PHASE 3 & 2009 ENDANGERMENT FINDING**

#### Most Recent Updates

In Trump's day one executive order, Unleashing American Energy, he called for a review of the EPA's 2009 Endangerment Finding (that GHGs threaten the public health and welfare of current and future generations) that requires the EPA to take action to curb GHG emissions. On July 29, the EPA announced it has formally proposed overturning the Endangerment Finding. Overturning the Endangerment Finding will mean that the EPA is no longer required to promulgate rules to reduce GHGs, especially from sources like power plants and motor vehicles. Administrator Lee Zeldin said that this action is intended to *completely eliminate all* vehicle GHG emissions regulations, including GHG-3. The public comment period ended September 22. Now, assuming the EPA follows standard procedure, it will review (and, if needed, reply to) comments before publishing a final rule. This is typically a time-consuming process, so we do not expect a final rule before next year.

#### **EPA 2027 HD LOW NOX RULE**

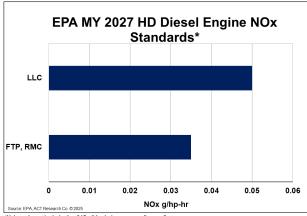
#### Most Recent Updates

While there haven't been any recent changes, this rule is often part of the discussion when considering the Trump administration's agenda. This rule has not yet been a direct target of the Trump administration, so we consider it "stickier" than GHG-3. That is, it has been finalized longer and is less offensive than GHG-3 to its detractors, so at this point, it has a higher likelihood of survival. The EPA announced in March that it would "reevaluate" the rule, though at this point it is unclear exactly what this entails. The ATA announced to its members on November 17 that the EPA intends to stick with the current timing for the rule, however, it is now expected to issue a rulemaking with amendments in Spring 2026. The EPA has yet to issue any formal statements on the matter.

#### Summary

As part of the EPA's Clean Trucks Plan, on December 20, 2022, the EPA posted a final rule, "Control of Air Pollution from New Motor Vehicles: Heavy-Duty Engine and Vehicle Standards," that set NOx and PM emissions reduction standards (the EPA low-NOx rule). The EPA low-NOx rule sets more stringent NOx and PM standards for MY 2027+ heavy-duty engines. The EPA's 2027 rule will require a NOx reduction of over 80% from current standards.

#### What does EPA HD low NOx mean for the industry?



\*Values do not include the .015 g/bhp-hr in-use compliance allowand

It is the combination of the new NOx emissions stringency, the increased UL, and the increased warranty period that result in significant costs added to the diesel purchase price (~\$20k-\$30k). Tariffs and general economic uncertainty have led ACT Research to stop forecasting a prebuy ahead of 2027.

The adjacent chart shows the EPA's MY 2027 NOx standards for heavy-duty engines. 1 Along with the new NOx emissions standards, the EPA has updated useful life and warranty periods. The tables below detail the emission-related warranty periods and updated useful life standards for engines compared to the current standards.

EPA Useful Life Periods for HD CI & SI Engines								
Primary Intended	(	Current		MY 2027+				
Service Class	Miles Years Hour		Hours	Miles	Years	Hours		
SIHDE	110,000	10	-	200,000	15	10,000		
Light HDE	110,000	10	ı	270,000	15	13,000		
Medium HDE	185,000	000 10		350,000	12	17,000		
Heavy HDE	435,000	10	22,000	650,000	11	32,000		

EPA Emission-Related Warranty Periods for HD CI & SI Engines								
Primary Intended	Current			MY 2027+				
Service Class	Miles Years Hours		Miles Years		Hours			
SIHDE	50,000 5		-	160,000	10	8,000		
Light HDE	50,000 5 -		1	210,000	10	10,000		
Medium HDE	dium HDE 100,000 5 -		-	280,000	10	14,000		
Heavy HDE	100,000	5	ı	450,000	10	22,000		

Source: ACT Research Co. @2025

#### What does EPA HD low NOx (as is) mean for you?

Manufacturers	With economic uncertainty at an all-time high as Trump tariff policy seesaws, ACT Research is no longer forecasting a prebuy ahead of 2027. Market uncertainty along with uncertainty around what the rule will look like should the administration make amendments during its "review" mean manufacturers face planning challenges.
Dealers	As dealers are the ones selling the vehicles for the OEMS, they can no longer expect higher than usual sales in the next couple of years ahead of the rule without a prebuy.
Carriers and Fleets	The EPA low-NOx rule doesn't mandate the type of powertrains that make up your fleet, but it will impact the price of diesel-ICE trucks. As noted earlier, we are expecting the price of a Class 8 truck or tractor to increase around \$20k-\$30k. The coming price increase may or may not change your purchasing decisions in the next few years, but having those discussions now is critical.

#### **CARB HD LOW NOX OMNIBUS (HD Omnibus)**

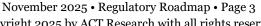
#### Most Recent Updates

Now that the president has signed Congress' resolutions to revoke the EPA waivers for HD Omnibus and ACT, the waivers are rescinded, and the rules are unenforceable. California has already filed a lawsuit to challenge the resolutions. This means that HD Omnibus will be tied up in the courts while it is determined whether the use of the CRA in this instance holds up.

#### Summary

In August 2020, CARB adopted HD Omnibus which would lower NOx and PM emissions standards to 0.05 g/hphr for MYs 2024-26 California heavy-duty engines and match EPA standards for MY 2027 and beyond. CARB and the Truck and Engine Manufacturer's Association (EMA) announced the Clean Truck Partnership (CTP)

<sup>&</sup>lt;sup>1</sup> "Heavy-duty engines" under the EPA's low-NOx rule encompass Classes 4-8. For in-rule specifics where distinction is needed, Classes 4-5 are "light heavy-duty," Classes 6-7 are "medium heavy-duty," and Class 8 is heavy heavy-duty.

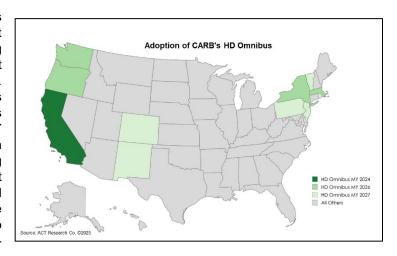




agreement in July 2023 (which has since disintegrated). The Clean Truck Partnership agreement included CARB's agreement to amend HD Omnibus to align with the EPA's low-NOx emissions standards, which it proposed to do in September.

#### What does CARB HD Low NOx Omnibus mean for the industry (if it is ever again enforceable)?

Alongside California, 10 additional states adopted the HD Omnibus rule (see adjacent map). Pennsylvania has an existing regulation that would require it to adopt California vehicle emissions standards. However, Pennsylvania put a hold on this requirement and will now follow California's HD Omnibus standards beginning with MY 2027. The states starting compliance with MY 2027 would effectively be complying with the federal standard set by the EPA that CARB has agreed to align with. CARB will continue to have a separate engine certification program as it will continue to maintain its On-Board Diagnostic and HD inuse compliance program.



#### What does CARB HD Low NOx Omnibus currently mean for you?

Manufacturers	While the EPA waiver decision has been overturned by Congress, meaning HD Omnibus is not enforceable, California has already filed a lawsuit contesting the use of the CRA to squash the waivers. The EMA and OEMs have affirmed that the CTP is preempted without waivers, and they will not comply with HD Omnibus without an EPA waiver. A judge issued a preliminary injunction barring CARB from enforcing the CTP after CARB filed a separate lawsuit in California claiming breach of contract by the OEMs.
Dealers	Now that the rule is unenforceable, dealers should no longer see HD Omnibus specific challenges selling vehicles.
Carriers and Fleets	Now that the rule is unenforceable, fleets should no longer see HD Omnibus specific challenges buying vehicles.

#### **CARB ADVANCED CLEAN TRUCKS**

#### Most Recent Updates

Now that the president has signed Congress' resolutions to revoke the EPA waivers for HD Omnibus and ACT, the waivers are rescinded, and the rules are unenforceable. California has already filed a lawsuit to challenge the resolutions. This means that HD Omnibus will be tied up in the courts while it is determined whether the use of the CRA in this instance holds up.

CARB did approve amendments in July that allow for credit pooling and increased credit trading across classes. Though the rule is unenforceable, CARB is operating under the assumption that its challenge will prevail in court and the rule will come back into effect.

#### Summary

CARB's ACT rule would require OEMs to sell zero emission vehicles (ZEV) as an increasing percentage of their annual sales through 2035+. The table below outlines the gradual increase in sales percentage requirements.

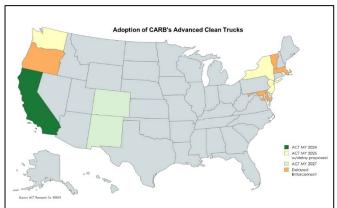
Advanced Clean Trucks ZEV Sales Requirement												
Model Year (MY)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
CL 2b-3 Group	5%	7%	10%	15%	20%	25%	30%	35%	40%	45%	50%	55%
CL 4-8 Trucks	9%	11%	13%	20%	30%	40%	50%	55%	60%	65%	70%	75%
CL 7-8 Tractors	5%	7%	10%	15%	20%	25%	30%	35%	40%	40%	40%	40%

Source: CARB, ACT Research Co. © 2025

This regulation allows credit trading and credit pooling across states. A manufacturer's deficit is the product of the annual sales volume, percent sales requirement, and a weight class multiplier. Deficits for all classes can be met with ZEV and near zero emission vehicle credits from other classes. In addition to California, 10 states have adopted ACT, phasing in through 2027 (see map).

# What does CARB ACT mean for the industry (if it is ever again enforceable)?

With challenges like infrastructure, weight limits, and cost competitiveness at top of mind during fleet purchasing decisions, OEMs are likely to struggle selling ZEVs. There is nothing stopping fleets from purchasing compliant diesel vehicles in non-ACT states. Overall CV sales volumes may not change, but the location of those sales could start shifting.



#### What does CARB ACT currently mean for you?

Manufacturers	While the EPA waiver decision has been overturned by Congress, meaning ACT is not enforceable, California has already filed a lawsuit contesting the use of the CRA to squash the waivers. The EMA and OEMs have affirmed that the CTP is preempted without waivers, and they will not comply with ACT without an EPA waiver. A judge issued a preliminary injunction barring CARB from enforcing the CTP after CARB filed a separate lawsuit in California claiming breach of contract by the OEMs.
Dealers	Congress overturning the waiver decision alleviates pressure on dealers to sell ZEVs in order to see more diesel CVs.
Carriers and Fleets	Fleets in ACT states should not have problems buying the vehicles they are looking for now that OEMs and dealers do not have to tie ZEV sized strings to diesel sales.

#### **CARB ADVANCED CLEAN FLEETS (ACF)**

#### Most Recent Updates

CARB withdrew its request for waiver from the EPA in January. This means that CARB cannot enforce the portions of the rule that would have required a waiver. As part of a recent legal settlement agreement, in September, CARB voted to approve amendments to rescind the ACF high priority and federal fleet and drayage truck rules to ensure clarity for those that would be affected. CARB is still enforcing the state/local public fleet portion of the rule (which does not require a waiver). The amendments did however include new compliance flexibility for state and local public fleets.

#### Summary

California state and local government agencies of all kinds that own, lease, or operate vehicles with a GVW over 8,500 pounds must comply. Some exceptions are built in for school buses, emergency vehicles, military tactical vehicles, and snowplows, among others. The recently approved amendments also include new compliance flexibility. Public utilities that use highly specialized vehicles are allowed to continue purchasing ICE vehicles when ZEVs cannot meet their operational requirements. Additionally, the ZEV purchase requirement timelines have been extended to ease the introduction of ZEVs into public fleets:

- 50% ZEV required for new purchases extended through 2029 (previously through 2026)
- 100% ZEV required for purchases beginning 2030 (previously 2027)

#### **CARB 2022 TRU AMENDMENTS**

#### Most Recent Updates

As with Advanced Clean Fleets, on January 13, CARB withdrew its waiver request for the zero-emission (ZE) truck TRU portion of the TRU Airborne Toxic Control Measure (ATCM) rule. While the EPA granted a waiver for the other portions of the TRU ATCM rule at the start of January, it decided to not make any determination regarding the ZE truck TRU portion of the rule at that time. The EPA did not deny a waiver for that portion of the rule, which gave CARB the opportunity to withdraw ahead of Trump's inauguration and potentially make a rerequest in the future when it may face a different EPA.

#### Summary

CARB adopted rules for TRUs through the TRU ATCM. Originally adopted in 2004, the goal of the rule has been to reduce emissions from diesel-powered TRUs. In 2022, CARB approved amendments to further reduce emissions by improving diesel-powered truck TRUs and requiring ZE truck TRUs. By 2029, California was aiming to require all truck TRUs to be ZE. Now, CARB's waiver request withdrawal for the ZE requirements means that the ZE truck TRU portion of the rule is currently unenforceable.



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