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"LOOKING UNDER THE HOOD: THE STATE OF NHTSA AND MOTOR VEHICLE SAFETY"

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Chairman Bilirakis, Ranking Member Schakowsky, and Members of the Subcommittee:

Thank you for the opportunity to testify today on behalf of the Alliance for Automotive Innovation. We represent manufacturers that produce nearly all vehicles sold in the United States, along with every domestically manufactured battery. Our membership also includes major suppliers, semiconductor companies, and technology firms that form the foundation of an industry supporting 10 million American jobs across all 50 states and contributing nearly 5% of U.S. GDP.

I appear before you at a consequential moment for motor vehicle safety and the future of the American auto industry. The global environment in which this industry operates is more complex and uncertain than it has been in decades. The current trade and tariff landscape—combined with ongoing negotiations between the Administration and key trading partners—has introduced instability for our sector. The auto industry is uniquely exposed: our supply chains are global, our lead times are long, and our capital investments are high-risk. As trade policies evolve, it is more important than ever that the domestic regulatory environment is predictable, collaborative, and modernized. That starts with NHTSA.

At the same time, the competitive landscape is shifting dramatically. Around the world, nations are racing to lead in next-generation mobility technologies—electrification, automation, and connectivity. China, in particular, has made massive strategic investments in electric vehicles and battery supply chains, positioning its manufacturers for long-term advantage.

Two decades ago, the U.S. was the world's top auto producer. Today, China manufactures 30 million vehicles annually—compared to roughly 10 million in the U.S.—with one-third of that

volume being new energy vehicles. China's EV production alone now rivals the entire U.S. industry's output.

This matters not just for geopolitical reasons, but because the auto industry remains a pillar of American manufacturing and middle-class job creation. If we fail to lead in the technologies of tomorrow, we risk losing the industrial base that has long supported American workers.

To remain globally competitive, automakers and suppliers are making unprecedented investments across the U.S.. In just the past few years, the industry has committed more than $130 billion to electric vehicle and battery-related projects—ranging from advanced battery cell manufacturing to next-generation assembly plants—laying the foundation for over 110,000 new American jobs.

And that's just part of the story. Over the past 15 years, the auto industry has directly invested more than $274 billion in U.S. operations, according to the Center for Automotive Research—reaffirming its role as a cornerstone of American manufacturing, innovation, and economic growth.

Meanwhile, American consumers are feeling the strain. The average age of vehicles on U.S. roads has reached a record high of 12.6 years, according to S&P Global Mobility. With the average cost of a new vehicle hovering around $48,000, many households are holding on to their cars longer than ever before. This trend underscores the need for regulatory policies that not only foster innovation and safety but also support long-term affordability and access for everyday drivers. Automakers are working to address this by investing in next-generation technologies that will improve efficiency, reduce costs over time, and expand consumer choice.

But these investments must be matched by a modern, stable, and forward-looking regulatory framework. If the United States is to remain the global leader in automotive innovation—while preserving affordability, promoting safety, and supporting domestic jobs—we must get our regulatory house in order. That starts with strengthening and modernizing the National Highway Traffic Safety Administration (NHTSA).

NHTSA may not always be mentioned alongside national security or international competitiveness—but it should be. Because its actions, or inaction, shape the trajectory of American automotive innovation. And today, the system is not working as intended.

The relationship between the industry and its chief safety regulator has become fractured. Innovation is being stymied. And as NHTSA struggles to modernize its standards and procedures, the risk grows that the U.S. will fall behind in the global race—ceding leadership to others.

I. NHTSA's Role in Innovation and Global Competitiveness

NHTSA is best known for its critical mission of improving motor vehicle safety, and that mission remains as vital as ever. But in today's rapidly evolving global marketplace, NHTSA also plays a pivotal and underappreciated role in shaping the pace and trajectory of automotive innovation in the United States.

Unfortunately, the current state of the agency is impeding progress at a time when urgency is required. Its fractured relationship with the industry, decades-old safety regulations, and lack of a clear strategic roadmap for emerging technologies are stifling innovation and threatening U.S. global leadership.

Our international competitors, especially China, are not standing still. They are moving aggressively to set global benchmarks and dominate supply chains. To compete and win, we must modernize the institutions and regulatory frameworks that underpin our industry; and that includes NHTSA.

The Alliance for Automotive Innovation believes that regulatory reform at NHTSA is one of the most critical levers to ensure American competitiveness. By streamlining outdated rules, embracing a holistic approach to safety, and fostering a more collaborative relationship with industry, NHTSA can unlock innovation, accelerate the deployment of life-saving technologies, and ensure that the next generation of vehicles is designed, engineered, and built here in the United States.

II. Technology Alone Isn't Enough: A Holistic Approach to Roadway Safety Must Include Behavioral Change and Enforcement

Today, vehicles are safer than ever[1]. Thanks to decades of engineering advances, crash survivability has improved dramatically, and vehicles come standard with more safety technologies than at any point in history.[2]

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[1] https://www.nhtsa.gov/sites/nhtsa.gov/files/documents/newer-cars-safer-cars_infographic_010320_2-tag.pdf

[2] https://www.nhtsa.gov/parts-partnership-for-analytics-research-in-traffic-safety

Yet despite this progress, overall traffic fatalities in the United States remain far too high. In 2023, almost 40,000 people lost their lives on American roadways with many more seriously injured. This disconnect between safer vehicles and persistently high fatalities demands a serious recalibration of our national approach to road safety.

It is no longer sufficient to rely on vehicle mandates alone. The path to meaningful reductions in roadway deaths lies in a holistic, systemic approach that includes:

- Safer vehicles
- Better infrastructure
- Informed and accountable road users
- Stronger enforcement of traffic laws
- Enhanced post-crash care

NHTSA should adopt this systems-level view and explicitly prioritize behavioral safety as part of its core mission. Addressing the behaviors that contribute to speeding, distraction, and impaired driving-related crashes must become central pillars of our national safety strategy. This also means empowering and supporting law enforcement.

Speed limits, seatbelt laws, and distracted driving statutes only matter if they are enforced and if there are visible consequences for dangerous behavior behind the wheel. Law enforcement officers must be equipped, supported, and encouraged to carry out this role in a fair and effective manner.

New safety features can and should continue to play a role, but we cannot regulate our way to zero fatalities through technology alone. From mandate to deployment, new vehicle safety technologies often take 5 to 7 years to develop, and even then, it can take an additional 30 years for that technology to fully penetrate the fleet, given the pace of vehicle turnover. Behavioral change, on the other hand, has the potential to save lives today. The best outcomes will come when technology, policy, and enforcement work in concert, not in isolation.

III. Transforming NCAP to Drive Innovation and Consumer Awareness

The pathway to modernizing NHTSA and our approach to motor vehicle safety begins with a little-known but vital program: the New Car Assessment Program (NCAP). With the right

reforms, NCAP can promote innovation, encourage continuous safety improvements, and empower consumers with clear, comparable information about vehicle safety.

But today, NCAP is underperforming. It lags behind similar programs in other countries, hasn't kept pace with the speed of innovation, and fails to reflect the many technological advancements that are reshaping vehicle safety. Just as concerning, this program exemplifies a deeper issue: a breakdown in transparency and collaboration between NHTSA and the auto industry.

Where partnership once existed, the industry is increasingly caught off guard by agency actions. Automakers are making major voluntary safety improvements, yet too often, NHTSA appears indifferent to this progress—issuing proposals in isolation rather than through an iterative, collaborative process. A strong NHTSA is one that works hand-in-hand with industry, not around it. Rebuilding that relationship must start with NCAP.

To bring this program into the 21st century and make it a strategic driver of safety and innovation, we recommend the following reforms:

- **Establish a Dedicated NCAP Office within NHTSA**, led by a new Associate Administrator focused exclusively on the program's administration and improvement—and immediately remove it from the traditional rulemaking framework.
- **Create a Federal Advisory Committee** to provide expert input, technology assessments, and strategic guidance on future NCAP updates.
- **Develop a 10-Year NCAP Roadmap** in collaboration with the Advisory Committee and a newly formed nonprofit entity to identify and evaluate emerging technologies worthy of inclusion.
- **Enable Self-Reporting by Manufacturers**, with appropriate audit authority retained by NHTSA, to streamline the ratings process, reduce delays, and improve efficiency. In addition, testing done by NHTSA and contractors must be finalized and published quickly, for maximum effectiveness for consumers.
- **Expand Consumer Education Initiatives** to ensure NCAP ratings are understandable, accessible, and influential—driving market demand for the safest, most innovative vehicles.

These recommendations are not new, many of them were outlined before in public submissions. But what's needed now is action. A reinvigorated NCAP should not merely serve as a compliance mechanism. It should be a cornerstone of America's safety and

innovation leadership—a transparent, collaborative tool that encourages continuous improvement and reflects the shared goals of industry and government.

IV. Reforming and Modernizing FMVSS to Enable Innovation and Advance Safety

The Federal Motor Vehicle Safety Standards (FMVSS) have served as the regulatory backbone of U.S. vehicle safety for over half a century. They've played a crucial role in dramatically reducing roadway fatalities and improving crash survivability. But many of these standards were written for an era of carburetors and analog dashboards; not today's vehicles, let alone tomorrow's.

As automotive technology evolves at a breakneck pace, NHTSA must keep up. Unfortunately, many of the current standards are outdated, overly prescriptive, or simply misaligned with modern vehicle design, safety data, and international best practices. Rather than enabling progress, they increasingly serve as regulatory roadblocks that stifle innovation, delay deployment of life-saving technologies, and erode U.S. leadership in the global auto market, while prices for new cars climb higher.

This is not a call to weaken safety. It is a call to strengthen safety by modernizing the tools we use to regulate it and to create a system that encourages innovation while preserving core safety outcomes.

The Alliance for Automotive Innovation has conducted a thorough review of FMVSS and submitted a detailed deregulatory proposal to the Department of Transportation and the Office of Management and Budget identifying dozens of standards that should be repealed, revised, or updated. Some of the most urgent examples include:

- **Automatic Emergency Braking** (AEB): Under the Biden Administration, NHTSA finalized a rule on AEB. It is a case study in how well-intentioned regulation can go awry and it raises substantive technical and legal concerns. We believe in the life-saving potential of AEB technology and support an AEB mandate. We are challenging this rule because it prescribes AEB and PAEB in such a way that may ultimately hinder, rather than help, motor vehicle safety.
- **Lighting Standards**: U.S. regulations continue to restrict the use of adaptive driving beam (ADB) headlights and other advanced lighting systems that are already in wide use across Europe and Asia. Broadly, the standards have not been updated since the 1970s, and they are due for an overhaul. Newer technologies improve nighttime

visibility, reduce glare, and enhance pedestrian detection, yet U.S. rules effectively prevent automakers from deploying them here.

- **Bumper Standards and Unbelted Occupant Tests**: These legacy requirements reflect outdated assumptions about human behavior, which have a direct impact on vehicle architecture and crash dynamics. For example, the unbelted occupant test introduced at a time when seatbelt use was far less common is no longer aligned with real-world conditions, where seatbelt usage exceeds 90 percent nationally. These kinds of misaligned tests divert engineering resources and create trade-offs that don't reflect today's risk landscape.

Each of these examples illustrates a broader truth: regulatory inertia has consequences. When rules remain frozen in time, safety improvements are delayed, competitive advantages are lost, and innovation slows. That's not the future we want and it's not the future we need if we hope to outpace global competitors like China, keep auto jobs in the U.S., and make cars more affordable.

Modernizing FMVSS is not just a technical necessity; it is a strategic imperative. It will:

- Facilitate the **faster deployment** of advanced driver-assistance systems (ADAS) and other safety technologies;
- Provide **greater flexibility for automakers to innovate** while meeting real-world safety goals;
- Better **align U.S. standards with international regulatory frameworks**, reducing compliance burdens and enhancing global competitiveness;
- **Preserve public confidence** by ensuring that our regulatory system remains data-driven, transparent, and up to date.

V. Autonomous Vehicles (AVs): A Framework for the Future

Just as outdated standards hold back today's safety technologies, they pose even greater challenges for the deployment of tomorrow's breakthroughs, including autonomous vehicles.

Autonomous vehicles represent the next great leap in mobility. They have the potential to reduce crashes, improve congestion, expand accessibility for underserved communities, and transform how Americans live and work. Countries around the world are racing to shape this future, and the United States should be leading.

Unfortunately, federal inaction is holding us back. Despite years of dialogue, there is still no comprehensive federal framework for AVs. In the vacuum, states have stepped in with their own laws, creating a patchwork of inconsistent and sometimes conflicting rules that hinder innovation, slow deployment, and increase regulatory and investment risk.

American companies are ready to lead in AV development, but we need clear, consistent federal policy. **To that end, we urge Congress to take the following actions:**

- **Establish a comprehensive federal AV regulatory framework** that preempts the current patchwork of inconsistent state laws, provides regulatory clarity, and sets national standards for the safe deployment of autonomous vehicles.
- **Establish a national AV pilot program** to enable safe, scalable AV deployment while NHTSA undertakes longer-term rulemaking efforts.
- **Modify the "make inoperative" provision** in the Motor Vehicle Safety Act to clarify that temporarily disabling or altering the functionality of a vehicle's manual controls or design elements to enable safe autonomous operation by the automated driving system (ADS) does not violate the Act.

These steps are critical. Without them, we risk falling behind in a sector that will shape the next century of transportation and industrial leadership.

As Congress considers the building blocks of a national AV framework, it must also address two key enablers of AV innovation: **consumer data privacy** and **access to spectrum**. Autonomous vehicles rely on vast amounts of real-time data to operate safely. A **comprehensive federal privacy law**, one that protects consumers across sectors and recognizes the unique role of vehicle-generated data in advancing safety, will be essential to build public trust, avoid a patchwork of state-level laws, and ensure the continued development of life-saving technologies.

Similarly, **reliable spectrum access is critical to the future of AVs and advanced safety systems**. Vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) communications require protected, interference-free spectrum bands to function as intended. We were also pleased to see that the Senate Commerce Committee title in the current reconciliation package includes provisions to protect certain ultra-wideband frequencies from auction; frequencies automakers use for essential safety and convenience functions like remote start, keyless entry, and crash avoidance technologies. We applaud this development and encourage its inclusion in the final package.

Of course, building out a full federal AV framework will take time. In the meantime, there is an immediate step Congress and NHTSA can take to keep innovation moving forward: **improving the existing vehicle exemption process.**

VI. Exemption Reform: Unlocking Innovation Responsibly

As we work toward a full AV framework, there is one tool NHTSA already has: the exemption process. This process exists to allow deployment of vehicles that do not meet current FMVSS, particularly those standards written for human-operated vehicles, but are proven to be at least as safe.

Unfortunately, the exemption process is slow, opaque, and limited in scope. It can take years for NHTSA to review applications, and the annual cap of 2,500 vehicles is far too low to support meaningful commercial deployment.

We recommend the following reforms:

- **Extend exemptions to at least five years** to match vehicle lifecycle and deployment timelines.
- **Increase the cap to 100,000 vehicles** per manufacturer per year to allow true scale.
- Require **timely agency review**, with a decision within **one year** of submission.

NHTSA's recent announcement of updates to the AV exemption process is a welcome step, but we need Congress to finish the job. The exemption pathway must function as a true enabler of innovation, not a bureaucratic bottleneck.

VII. Corporate Average Fuel Economy (CAFE): Coordination, Clarity, and Competitiveness

The Corporate Average Fuel Economy (CAFE) program has long played an important role in improving fuel efficiency and reducing emissions. But today, the regulatory structure surrounding CAFE is creating unnecessary complexity, market distortion, and real compliance challenges for U.S. automakers.

NHTSA's dual responsibilities, overseeing both motor vehicle safety and fuel economy, have, at times, placed competing demands on the agency. This tension has become especially acute in recent years, as the pace of regulatory activity on fuel economy and greenhouse gas (GHG) standards has accelerated without sufficient interagency coordination.

The result is a confusing and burdensome regulatory environment, in which automakers are expected to comply with overlapping—and at times conflicting—regulations issued by:

- NHTSA, under its CAFE authority;
- EPA, through its GHG emissions rules;
- DOE, through its petroleum equivalency factor; and
- Individual states, particularly California and those following its criteria and greenhouse gas emission standards and zero-emission vehicle (ZEV) mandates.

These programs are all targeting the **same tailpipe**, but using **different methodologies, timelines, and enforcement tools**. This fragmentation not only increases compliance costs that are passed off to consumers, it also introduces significant investment uncertainty, stifles planning, and reduces consumer affordability. It is becoming a significant obstacle to our ability to deliver cleaner, safer, more advanced vehicles to American drivers.

The most glaring example of this misalignment and the challenge it presents for automakers were the recent Advanced Clean Cars II regulations implemented by California and adopted by 11 other states. Beginning this year, those rules would have mandated that manufacturers sell a specified percentage of electric vehicles, leading up to a complete ban of new vehicles containing internal combustion engines by 2035 in those states.

While our members are investing heavily in advancing adoption of cleaner powertrains, including EVs, we cannot have a regulatory environment that so aggressively outpaces the consumer. As such, I must acknowledge and thank Representative John Joyce, Chairman Brett Guthrie and every member of Congress who supported H.J.Res.88, including the 30 Democrats who crossed over to put an end to the unrealistic ambitions of the ACCII EV mandate. California may have a right to set their own standards, but this action sent a critical message: vehicle mandates must be grounded in consumer realities, not aspirational targets, and vehicle policy must remain transparent, collaborative, and technically achievable.

The 2027 and later CAFE rulemaking from NHTSA offers a similar illustration of what happens when regulatory ambition is not grounded in statutory authority or market realities. The rule imposes aggressive new requirements for Model Year 2027 and beyond that are not only misaligned with consumer demand and current technology adoption rates, but also duplicative of EPA's separate GHG rules.

This kind of misalignment is not sustainable, and it's not competitive. While our global competitors are building unified national strategies to reduce emissions and promote innovation, we are increasingly asking U.S. manufacturers to navigate a regulatory maze.
To improve coherence and support both climate and industrial goals, **we recommend the following reforms:**

- **Mandate stronger coordination between NHTSA, EPA, and DOE** to ensure that all vehicle emissions and efficiency regulations are harmonized, efficient, and non-duplicative.
- Move toward a **single national standard for tailpipe emissions** that eliminates the patchwork of federal and state-level requirements, giving manufacturers a clear and consistent framework for compliance.
- **Reassess near-term CAFE targets**, particularly those beginning in Model Year 2027, to ensure they reflect actual market conditions, including consumer behavior, and global supply chain pressures.
- **Review and reset CAFE civil penalty rates**, which have more than tripled since 2018 due to automatic inflation adjustments. Left unchecked, these increases will impose unnecessary costs on manufacturers and consumers, undermining the affordability and accessibility of more efficient vehicles. Congress should consider decoupling civil penalties from inflation indexing to avoid future volatility.
- **Remove the minimum domestic passenger car standard**, which discourages the production of larger passenger cars in the United States and which had led to hundreds of millions of dollars in civil penalties assessed to domestic producers in the past few years.
- **Remove caps on the transfer of credits between a manufacturer's compliance fleets,** allowing manufacturers to focus on improving fuel economy where it is most cost-effective and in demand by consumers while still meeting regulatory objectives for reducing energy use.
- **Require DOT to continue the CAFE credit trading program**, which has improved vehicle affordability by reducing compliance costs, but which is currently optional for DOT and under consideration for removal.

CAFE should be a catalyst for innovation, not a compliance quagmire. We believe that smart regulation can and should support cleaner, more fuel-efficient vehicles. But to do so effectively, it must be coordinated, realistic, and aligned with the broader industrial strategy for the U.S. automotive sector.

Finally, while not the subject of today's hearing, I want to take this opportunity to make clear that the auto industry **fully supports drivers of electric vehicles paying their fair share to the Highway Trust Fund to maintain our roads**, just as drivers of internal combustion engine vehicles, including hybrids, do when paying federal gasoline and diesel taxes.

Earlier this year, Auto Innovators submitted testimony to the House Transportation and Infrastructure Subcommittee on Highways and Transit outlining our support for a weight-based electric vehicle fee, collected annually by State Departments of Motor Vehicles alongside standard registration. Under our proposal, heavier EVs would contribute proportionally to the upkeep of our nation's infrastructure.

We look forward to working with Congress and federal agencies to create a streamlined, durable policy framework that supports innovation, protects consumers, and ensures the U.S. auto industry remains globally competitive for decades to come.

VIII. Conclusion

The American auto industry stands at a generational crossroads; one defined by rapid technological transformation, intensifying global competition, and the urgent need to modernize our regulatory foundation.

We have the talent, the technology, and the vision to lead the world into the next era of mobility. But to fully realize that potential, we need a coordinated federal regulatory framework that keeps pace with innovation and reflects today's industrial and geopolitical realities. That includes a revitalized NHTSA; one that serves not only as a steward of safety, but as a proactive partner in innovation and progress.

With the right policies in place and with Congress and regulators working in partnership with industry, we can position the United States not only to win the global race for the future of mobility, but to do so in a way that creates American jobs, enhances the U.S. geopolitical leadership role in the automotive industry and ensures vehicles remain affordable for the families who depend on them.

Thank you again for the opportunity to testify today. I welcome your questions and look forward to continued collaboration.