



Regulation Review

Final Rule on Vehicular Rearview Cameras

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The National Highway Traffic Safety Administration (NHTSA) recently released its long-anticipated final rule on rearview visibility requirements for passenger vehicles. The rule enacts a major part of the Cameron Gulbransen Kids Transportation Safety Act of 2007. It would require all vehicles under 10,000 pounds to include greater rear-end visibility measures, including rearview camera systems by 2018. The unofficial, pre-publication [version of the rule](#) is 251 pages.

The final rule has been in development for years. According to the [most recent entry](#) in the Unified Agenda, NHTSA began the rulemaking process more than five years ago. The particular reasons for why this rule took so long to find its way through the rulemaking process remain up for debate. However, it appears NHTSA has released it just as consumer interest groups [levied a court challenge](#) over the procedural morass.

BREAKDOWN

- [Proposed Rule](#) Annual Costs: \$2.36 Billion
- Final Rule Annual Costs: \$924 Million
- Total Cost Change: (-)\$1.44 Billion
- Final Rule Annual Benefits: \$595 Million

ANALYSIS

This regulation provides an interesting case study in the interaction of regulatory costs, benefits, and market trends. The analysis admits the final rule “would result in expenditures by the private sector of over \$100 million annually.” As noted above, the estimated costs decrease significantly from the proposed version of the rule. Although the rulemaking is well-intentioned, this rule still arrives with a nearly \$1 billion price-tag. On top of that, the monetized cost-benefit balance is “upside-down.” According to agency estimates, all levels of potential costs and benefits produce net costs; the highest net cost figure is \$315 million annually. However, NHTSA does rationalize its break-even analysis by noting that the rule brings “unquantifiable benefits in the form of reducing a safety risk.”

NHTSA explains that this decrease is not primarily due to loosening the mandates of the rule, but rather because the market has already partially implemented some of these measures independently during the life of the rulemaking. This is largely due to a combination of the technology itself becoming more cost-efficient to install, and increased consumer demand for such products due to the safety and convenience utility they provide. Thus, a smaller portion of vehicle models will have to involuntarily adjust. Fewer vehicles requiring the installation of cameras translates to lower costs to the manufacturers.

NHTSA admits, “The evidence supports ascribing a substantial majority of the increased adoption rate to market forces,” rather than regulatory compulsion. The agency even goes on to cite such examples as: “at least one major car manufacturer, Honda, had already in 2013 made rear-visibility cameras a standard feature in 94% of its vehicles.”

This rulemaking has taken a long and winding road, much to the dismay of certain consumer safety groups. However, the rule itself also notes that full compliance “in all vehicles operated on the public roads” won’t happen until 2054. During the rulemaking, market forces have taken the lead in remedying a problem that this regulation will take 40 years to reach its ultimate goal.