

FAST COMPANY

GM wants to be all-electric by 2035. Why did it lobby to kill California's EV rule?

GM celebrated the Senate's vote to block California's EV mandate—which was also supposed to go fully into effect by 2035.

“That’s like the kid who says, ‘Look, I didn’t study for the test, and it’s unfair that you’re giving me a bad grade,’” says Dan Becker, director of the Safe Climate Transport Campaign at the nonprofit Center for Biological Diversity, noting that GM has “the best engineers in the world. They know how to make vehicles that meet standards and that are attractive to consumers. And they’ve chosen not to market their electric vehicles. . . . The auto industry in the United States spends \$14 billion a year on advertising and other marketing. Very little of that goes to advertising electric vehicles.”

“Congress doesn’t get to amend [laws] along the way by saying, ‘Oh, well, we really meant it to be this,’” says Becker. “It’s a Pandora’s box that they’re opening. If the CRA isn’t limited to rules, then you’ve opened the door as to what can be undone by the congressional action—corporate mergers that are allowed by the SEC [Securities and Exchange Commission], cost-of-living adjustments by different agencies, offshore drilling permits—who knows how this will ultimately be used. And the Republicans will not always be in charge.”

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By: Adele Peters
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Four years ago, GM set an audacious goal: By 2035, the automaker planned to go [all-electric](#).

The company says it’s still aiming for that target. But it simultaneously lobbied the Senate to end California’s ban on new gas car sales—which was also supposed to go fully into effect in 2035. In theory, California’s policy should have supported GM’s transition.

GM even recruited employees in the lobbying effort. “We need your help!” the company wrote in an email to staff, as [reported by The Wall Street Journal](#). “Emissions standards that are not aligned with market realities pose a serious threat to our business by undermining consumer choice and vehicle affordability.”

The lobbying worked. Yesterday, the Senate voted to revoke an Environmental Protection Agency waiver that allowed California to set clean air rules that are stricter than national standards. (Congress arguably didn’t have the legal right to revoke the waiver; more on that later.)

In a statement, the company said, “GM appreciates Congress’ action to align emissions standards with today’s market realities. We have long advocated for one national standard that will allow us to stay competitive, continue to invest in U.S. innovation, and offer customer choice across the broadest lineup of gas-powered and electric vehicles.”

GM CEO Mary Barra has said that the company believes in an all-electric future. The company, which began seriously investing in battery design in 2018, spent \$11 billion on EV infrastructure between 2020 and 2024. It has a massive battery factory, co-owned with LG Energy, near Nashville, and another in Ohio, making thousands of battery cells per minute. It’s racing to bring down the cost of batteries, the biggest factor in the overall cost of EVs.

In the first quarter of this year, GM sold 31,887 EVs in the U.S., a 94% increase over its electric vehicle sales in the same period last year. It’s now the second-largest seller of EVs in the U.S., quickly gaining on Tesla. The company plans to nearly double the number of EVs it makes this year compared to last. It has 11 models on the market, including the Chevy Equinox EV, currently the most affordable EV in the country. The popular Chevy Bolt, another affordable EV, will [come back later this year](#).

But the company argues that California’s clean car rule is moving faster than market demand. The rule sets targets that automakers have to hit each year. For model year 2026 cars, 35% of a manufacturer’s car sales in the state have to be zero-emission, or the manufacturer has to pay a fine. The target jumps up to 43% in 2027, 51% in 2028, and keeps going until new cars are 100% zero-emission by 2035. Last year, in California, [around 25%](#) of new cars registered in the state were electric. This year, as many buyers have veered away from Tesla, the percentage of EV sales [could drop](#). GM declined to comment on whether it expects to hit the 35% target for model year 2026 cars in the state.

Other states have followed California’s regulation, with the same annual targets: Massachusetts, New York, Oregon, Vermont, and Washington. Those states have even lower percentages of EV

sales now. Car companies say it would be unrealistic for them to immediately meet the targets for model year 2026 that those states require.

Critics argue that if demand is lower than expected, automakers themselves bear some responsibility. **“That’s like the kid who says, ‘Look, I didn’t study for the test, and it’s unfair that you’re giving me a bad grade,’” says Dan Becker, director of the Safe Climate Transport Campaign at the nonprofit Center for Biological Diversity, noting that GM has “the best engineers in the world. They know how to make vehicles that meet standards and that are attractive to consumers. And they’ve chosen not to market their electric vehicles. . . . The auto industry in the United States spends \$14 billion a year on advertising and other marketing. Very little of that goes to advertising electric vehicles.”**

EVs are facing other major challenges. The House just voted to phase out the \$7,500 tax credits to buy or lease new EVs (companies that have not yet sold 200,000 EVs will be able to continue to qualify for the credits until the end of 2026; GM has already passed that limit). The House bill also ends a \$4,000 tax credit for used cars that was introduced in the Inflation Reduction Act, and another tax credit for home chargers. Since EVs haven’t quite reached price parity with gas cars, the tax credits are crucial.

Car companies are also facing steep costs from tariffs. The California rules could cost the company billions at a time when profits are already being squeezed by tariffs—and that’s money that the company needs to continue to be able to invest in EV development to bring costs down. GM is still losing money making EVs, though costs are decreasing as production scales up and the technology continues to advance.

The Senate vote on California isn’t definitive. The Senate parliamentarian ruled that Congress didn’t have the authority to overturn the waiver that allows California to make its own clean air rules. Waivers aren’t included in the Congressional Review Act, the law that the Senate used to revoke the waiver. (The CRA allows Congress to overturn recent laws with a simple majority vote; the waiver was also granted in 2022 and would also not be considered recent.)

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California now [plans to sue the Trump administration](#) when Trump signs off on the law. **“That will result in uncertainty for the industry,” Becker says. “They keep saying they want certainty. And they’re getting rid of it by demanding that Congress use an illegal mechanism to undo protections for people with lungs.”**

Meanwhile, EVs are growing faster outside the United States. Globally, [more than one in four cars](#) sold this year is likely to be an EV. In China, more than half of new car sales last year were all-electric. In Norway, 97% of all cars sold last month were electric. As federal support reverses in the U.S., American automakers will fall behind.

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