

Public Law 96-185
96th Congress

An Act

To authorize loan guarantees to the Chrysler Corporation.

Jan. 7, 1980

[H.R. 5860]

Chrysler
Corporation
Loan Guarantee
Act of 1979.

15 USC 1861
note.

*Be it enacted by the Senate and House of Representatives of the
United States of America in Congress assembled,*

SHORT TITLE

SECTION 1. This Act may be cited as the "Chrysler Corporation
Loan Guarantee Act of 1979".

DEFINITIONS

15 USC 1861.

SEC. 2. For purposes of this Act—

(1) the term "Board" means the Chrysler Corporation Loan
Guarantee Board established by section 3;

(2) the term "borrower" means the Chrysler Corporation, any
of its subsidiaries or affiliates, or any other entity the Board may
designate from time to time which borrows funds for the benefit
or use of the Corporation;

(3) the term "Corporation" means the Chrysler Corporation
and its subsidiaries and affiliates;

(4) the term "financing plan" means a plan designed to meet
the financing needs of the Corporation as reflected in the
operating plan and indicating in accordance with the require-
ments of section 8 the amounts to be provided at dates specified
(for each year of the plan) from internally generated sources
(including earnings and cost reduction measures), from loans
guaranteed under this Act, and from nonfederally guaranteed
assistance as required pursuant to section 4(a)(4);

(5) the term "fiscal year" means the fiscal year of the
Corporation;

(6) the term "going concern" means a corporation the net
earnings of which, as projected in the plan required under
section 4(a)(3), are determined to be sufficient to maintain long-
term profitability after taking into account probable fluctuations
in the automobile market, and which meets such other tests of
viability as the Board shall prescribe;

29 USC 152.

(7) the term "labor organization" has the same meaning as in
section 2 of the National Labor Relations Act;

(8) the term "operating plan" means a document detailing
production, distribution, and sales plans of the Corporation,
together with the expenditures needed to carry out those plans
(including budget and cash flow projections), on an annual basis,
a productivity improvement plan setting forth steps to be taken
by the Corporation and its workers to achieve a higher productiv-
ity growth rate, and an energy efficiency plan setting forth steps
to be taken by the Corporation to reduce United States depen-
dence on petroleum, in accordance with section 4(a)(3);

(9) the term "persons with an existing economic stake in the health of the Corporation" means banks, financial institutions, and other creditors, suppliers, dealers, stockholders, labor unions, employees, management, State, local, and other governments, and others directly deriving benefit from the production, distribution, or sale of products of the Corporation; and

(10) the term "wages and benefits" means any direct or indirect compensation paid by the Corporation to employees of the Corporation and shall include, but is not limited to, amounts paid in accordance with wage scales, straight time hourly wage rates, base wage rates, base salary rates, salary scales, and periodic salary grades, overtime premiums, night shift premiums, vacation payments, holiday payments, relocation allowance, call-in pay, bonuses, bereavement pay, jury duty pay, paid absence allowances, short-term military duty pay, paid leaves of absence, holiday pay including personal holidays, and medical, health, accident, sickness, disability, hospitalization, insurance, pension, educational, and supplemental unemployment benefits.

CHRYSLER CORPORATION LOAN GUARANTEE BOARD

SEC. 3. There is established a Chrysler Corporation Loan Guarantee Board which shall consist of the Secretary of the Treasury who shall be the Chairperson of the Board, the Chairman of the Board of Governors of the Federal Reserve System, and the Comptroller General of the United States. The Secretary of Labor and the Secretary of Transportation shall be ex officio nonvoting members of the Board.

Establishment.
Membership.
15 USC 1862.

AUTHORITY FOR COMMITMENTS FOR LOAN GUARANTEES

SEC. 4. (a) Subject to the provisions of this Act, the Board, on such terms and conditions as it deems appropriate, may make commitments to guarantee the payment of principal and interest on loans to a borrower only if at the time the commitment is issued, the Board determines that—

15 USC 1863.

(1) there exists an energy-savings plan which—

(A) is satisfactory to the Board;

(B) is developed in consultation with other appropriate Federal agencies;

(C) focuses on the national need to lessen United States dependence on petroleum; and

(D) can be carried out by the borrowers;

(2) the commitment is needed to enable the Corporation to continue to furnish goods or services, and failure to meet such need would adversely and seriously affect the economy of, or employment in, the United States or any region thereof;

(3)(A) the Corporation has submitted to the Board a satisfactory operating plan (including budget and cash flow projections) for the 1980 fiscal year and the next succeeding three fiscal years demonstrating the ability of the Corporation to continue operations as a going concern in the automobile business, and after December 31, 1983, to continue such operations as a going concern without additional guarantees or other Federal financing; and

(B) the Board has received such assurances as it shall require that the operating plan is realistic and feasible;

Operating plan,
submittal to
Board.

Financing plan.

(4) the Corporation has submitted to the Board a satisfactory financing plan which meets the financing needs of the Corporation as reflected in the operating plan for the period covered by such plan, and which includes an aggregate amount of nonfederally guaranteed assistance of at least \$1,430,000,000 as determined under subsection (b)—

(A) from financial commitments or concessions from persons with an existing economic stake in the health of the Corporation in excess of commitments or concessions outstanding as of October 17, 1979, or from other persons;

(B) from capital to be obtained through merger, sale of securities or otherwise after October 17, 1979;

(C) from cash to be obtained from the disposition of assets of the Corporation after October 17, 1979; and

Stock.

(D) from the issuance of \$100,000,000 of common stock of the Corporation which shall be made available by the Corporation to its employees and labor organizations which are parties to collective bargaining agreements with the Corporation;

(5) the Board has received adequate assurances regarding the availability of all financing contemplated by the financing plan and that such financing is adequate (taking into account the amount of guarantees to be made available and the amount of wages and benefits not to be paid as a result of section 6) to meet all the Corporation's projected financing needs during the period covered by the financing plan;

Existing creditors, waiver.

(6) the Corporation's existing creditors have certified to the Board that they will waive their rights to recover under any prior credit commitment which may be in default unless the Board determines that the exercise of those rights would not adversely affect the operating plan submitted under paragraph (3) or the financing plan submitted under paragraph (4);

(7) no credit extended or committed on a nonguaranteed basis prior to October 17, 1979, is being converted to a guaranteed basis pursuant to this Act; and

(8) the financing plan submitted under paragraph (4) provides that expenditures under such financing plan will contribute to the domestic economic viability of the Corporation.

Nonfederally guaranteed assistance. Definitions.

(b)(1) For the purpose of computing the aggregate amount of at least \$1,430,000,000 in nonfederally guaranteed assistance required to be provided under subsection (a)(4)—

(A) the term "financial commitment" means a legally binding commitment to provide additional nonfederally guaranteed assistance to meet the financing needs of the Corporation in excess of any such commitments outstanding as of October 17, 1979;

(B) the term "concession" means a legally binding commitment (or in the case of a concession from a State, local, or other government, a concession for which the Board has received adequate assurances) which will result in a reduction in the financing needs of the Corporation by an amount which is more than the amount of any reduction accomplished by any concessions outstanding as of October 17, 1979, and, except for a loan or other credit, shall be nonrecoupable;

(C) the term "capital" means sales of equity securities, any other transactions involving non-interest-bearing investments in the Corporation, or subordinated loans on which payment of principal and interest is deferred until after all guaranteed loans are repaid; and

(D) the amount of "cash to be obtained from the disposition of assets of the Corporation" shall be determined by the Board based on a conservative estimate of the minimum value realizable in a sale, with reference to the potential circumstances surrounding such a sale.

(2) In computing the aggregate amount of at least \$1,430,000,000 in nonfederally guaranteed assistance required to be provided under subsection (a)(4), there shall be excluded—

Computation of aggregate amount, exclusions.

(A) the extent of any contribution, concession, or other element that does not actually and substantively contribute to meeting the Corporation's financing needs as defined in the financing plan required by this section; and

(B) deferral of any dividends on common or preferred stock outstanding as of October 17, 1979.

(c) The aggregate amount of nonfederally guaranteed assistance of at least \$1,430,000,000 required to be provided under subsection (a) shall include—

Categories of nonfederally guaranteed assistance.

(1) at least \$500,000,000 from United States banks, financial institutions, and other creditors, of which—

(A) at least \$400,000,000 shall be new loans or credits, in addition to the extension of the full principal amount of any loans committed to be made but not outstanding as of October 17, 1979; and

(B) at least \$100,000,000 shall be concessions with respect to outstanding debt of the Corporation;

(2) at least \$150,000,000 shall be from foreign banks, financial institutions, and other creditors in the form of new loans or credits, in addition to the extension of the full principal amount of any loans committed to be made but not outstanding as of October 17, 1979;

(3) at least \$300,000,000 shall be from the disposition of assets of the Corporation;

(4) at least \$250,000,000 shall be from State, local, and other governments;

(5) at least \$180,000,000 shall be from suppliers and dealers, of which at least \$50,000,000 shall be in the form of capital as defined in subsection (b); and

(6) at least \$50,000,000 shall be from the sale of additional equity securities.

The Board may, as necessary, modify the amounts of assistance required to be provided by any of the categories referred to in this subsection, so long as the aggregate amount of at least \$1,430,000,000 in nonfederally guaranteed assistance is provided under subsection (a)(4).

REQUIREMENTS FOR LOAN GUARANTEES

SEC. 5. (a) A loan guarantee may be issued under this Act only pursuant to a commitment issued under section 4. The terms of any such commitment shall provide that a loan guarantee may be issued under this Act only if at the time the loan guarantee is issued, the Board determines that—

15 USC 1864.

(1) credit is not otherwise available to the Corporation under reasonable terms or conditions sufficient to meet its financing needs as reflected in the financing plan;

(2) the prospective earning power of the Corporation, together with the character and value of the security pledged, furnish reasonable assurance of repayment of the loan to be guaranteed in accordance with its terms;

(3) the loan to be guaranteed bears interest at a rate determined by the Board to be reasonable taking into account the current average yield on outstanding obligations of the United States with remaining periods to maturity comparable to the maturity of such loan;

(4) the operating plan and the financing plan of the Corporation continue to meet the requirements of section 4 and appropriate revisions to such plans (including extensions of such plans to cover the then current four-year period) have been submitted to the Board to meet such requirements;

(5) the Corporation is in compliance with such plans;

(6) the Board has received such assurances as it may require that such plans are realistic and feasible;

(7) the Corporation has agreed for as long as guarantees issued under this Act are outstanding—

(A) to have prepared and submitted on or before the thirtieth day preceding each fiscal year beginning after December 31, 1980, a revised operating plan and financial plan which cover the four-year period commencing with such fiscal year and which meet the requirements of section 4; and

(B) to prepare and deliver to the Board within one hundred and twenty days following the close of each fiscal year, an analysis reconciling the Corporation's actual performance for such fiscal year with the operating plan and the financial plan in effect at the start of such fiscal year;

(8) there is no substantial likelihood that Chrysler Corporation will be absorbed by or merged with any foreign entity; and

(9) the borrower is in compliance with the terms and conditions of the commitment to issue the guarantees required by the Board pursuant to section 9(b), except to the extent that such terms and conditions are modified, amended, or waived by the Board.

(b) Any determination by the Board that the conditions established by this Act have been met shall be conclusive, and such determination shall be evidenced by the issuance of the guarantee or commitment for which such determination is required. The Board shall transmit to the appropriate committees of the Congress a written report setting forth each such determination under this Act and the reasons therefor not less than fifteen days prior to the issuance of any guarantee. The validity of any guarantee when made by the Board under this Act shall be incontestable in the hands of a holder, except for fraud or material misrepresentation on the part of such holder. The Board is authorized to determine the form in which any guarantee made under this Act shall be issued.

(c) The Board shall prescribe and collect not less frequently than annually a guarantee fee in connection with each guarantee made under this Act. Such fee shall be sufficient to compensate the Government for all of the Government's administrative expense related to the guarantee, but in no case may such fee be less than one-half of 1 per centum per annum of the outstanding principal amount of loans guaranteed under this Act computed daily.

(d) To the maximum extent feasible, the Board shall ensure that the Government is compensated for the risk assumed in making guarantees under this Act, and for such purpose the Board is authorized to—

(1) prescribe and collect a guarantee fee in addition to the fee required by subsection (c);

Submittal of revised operating plan, financial plan, and related reports.

Determinations.

Report to congressional committees.

Guarantee fees.

(2) enter into contracts under which the Government, contingent upon the financial success of the Corporation, would participate in gains of the Corporation or its security holders; or

Contract
authority.

(3) use other instruments deemed appropriate by the Board.

(e) All amounts collected by the Board pursuant to subsections (c) and (d) shall be deposited in the Treasury as miscellaneous receipts.

(f) Nothing in this Act shall be interpreted to mean that any loan guarantee of the Federal Government under this Act is in any way an asset of the Corporation which can be sold or assigned by the Chrysler Corporation to any foreign entity.

REQUIREMENTS APPLICABLE TO EMPLOYEES

SEC. 6. (a) No loan guarantee may be issued under this Act if at the time of issuance or the proposed issuance the Board determines that—

Wage and
benefit
reductions.
15 USC 1865.

(1) collective bargaining agreements entered into by the Corporation after September 14, 1979, with labor organizations representing employees of the Corporation which govern the payment of wages and benefits to such employees from September 14, 1979, to September 14, 1982, have not been modified so that the cost to the Corporation of such wages and benefits, as determined by the Board, shall be reduced by a total amount of at least \$462,500,000 for the three-year period ending on September 14, 1982, below the cost of such wages and benefits which the Corporation would otherwise have been obligated to incur during such period, except that such dollar amount shall include \$203,000,000 in wages and benefits to be foregone pursuant to the master collective bargaining agreement entered into on October 25, 1979, between the Corporation and the International Union, United Automobile Aerospace and Agricultural Implement Workers of America; or

(2) the Corporation has not put into effect a plan for achieving at least \$125,000,000 in concessions as defined in section 4(b)(1)(B) from employees not represented by a labor organization.

(b) The limitations set forth in subsection (a) of this section shall not apply to any increase in wages or benefits required by law.

(c) Any increase in the wages and benefits of a person employed by the Corporation resulting from reclassification or reevaluation of a job or a promotion effected in order to evade the provisions of this section shall be considered an indirect form of compensation.

(d)(1) To meet the requirements of this section, the Corporation shall not enter into a collective bargaining agreement with a labor organization which—

(A) reduces the amounts and levels of wages and benefits provided by such a collective bargaining agreement beyond the labor organization's proportionate share, as determined by the Board; or

(B) reduces wages and benefits below the levels and amounts provided on September 13, 1979.

(2) For purposes of this subsection, the proportionate share of a labor organization shall be determined by multiplying the total reduction required by paragraph (1) by the quotient obtained by dividing the total number of the Corporation's employees represented by that labor organization whose proportionate share is to be determined by the total number of the Corporation's employees represented by labor organizations.

Cash
contributions.

(e) The cost reduction realized by the Corporation under the terms of this subsection shall not be recoupable.

(f) If the Board determines that cash contributions from labor organizations or employees are legally committed so that the total contributions from employees and labor organizations during the period of September 13, 1979, through September 13, 1982, will exceed the total amount of wages and benefits not paid as a result of subsection (a), the Board may permit an increase in the levels and amounts of employee wages and benefits beyond the levels and amounts in effect on September 13, 1979, which would otherwise be prohibited by subsection (a), if (1) such increase will not impair the ability of the Corporation to continue as a going concern, or to meet such other tests of viability as the Board shall prescribe, and (2) the amount of such increase does not exceed the amount of the cash contributions committed.

EMPLOYEE STOCK OWNERSHIP PLAN

15 USC 1866.

SEC. 7. (a) No guarantee or commitment to guarantee any loan may be made under this Act until the Chrysler Corporation, in a written agreement with the Board which is satisfactory to the Board, agrees—

(1) to establish a trust which forms part of an employee stock ownership plan meeting the requirements of subsection (c);

(2) to make employer contributions to such trust in accordance with such plan; and

(3) to issue additional shares of qualified common stock at such times as such shares are required to be contributed to such trust.

(b) No guarantee or commitment to guarantee any loan may be made under this Act after the close of the one hundred and eighty-day period beginning on the date of the enactment of this Act unless the Chrysler Corporation has established a trust which forms part of an employee stock ownership plan meeting the requirements of subsection (c).

(c) An employee stock ownership plan meets the requirements of this subsection only if—

(1) such plan is maintained by the Chrysler Corporation;

26 USC 4975.

26 USC 410.

(2) such plan satisfies the requirements of section 4975(e)(7) of the Internal Revenue Code of 1954 (determined without regard to subparagraph (A) of section 410(b)(2) of such Code);

(3) such plan provides that—

(A) employer contributions to the trust may be made only in accordance with requirements of subsection (d);

(B) each participant in the plan has a nonforfeitable right to the participant's accrued benefit under the plan;

26 USC 415.

(C) each employer contribution to the trust shall be allocated in equal amounts (to the extent not inconsistent with the requirements of section 415(c) of such Code) to the accounts of all participants in the plan; and

26 USC 401.

(D) distributions from the trust under the plan will be made in accordance with the requirements of section 401(k)(2)(B) of the Internal Revenue Code of 1954; and

(4) such plan benefits 90 percent or more of all employees of the Corporation, excluding the employees who have not satisfied the minimum wage and service requirements, if any, prescribed by the plan as a condition of participation.

Employer
contributions.

(d)(1) Employer contributions meet the requirements of this subsection only if such contributions—

(A) will total not less than \$162,500,000 before the close of the four-year period beginning not later than the one hundred and eightieth day after the date of the enactment of this Act;

(B) are made in such amounts and at such times that no time during such four-year period will the amount of employer contributions to the trust be less than the amount such contributions would have been if made in installments of \$40,625,000 made at the end of each year in such period; and

(C) are made in the additional qualified common stock which the Chrysler Corporation issues by reason of subsection (a)(3).

(2)(A) In the case of a qualified loan to the trust for the purchase of qualified common stock the amount of such stock purchased with the proceeds of such loan shall be treated for purposes of paragraph (1) as an employer contribution to the trust made on the date such stock is so purchased.

(B) For purposes of subparagraph (A), the term "qualified loan" means any loan—

"Qualified loan."

(i) which may be repaid only in substantially equal installments;

(ii) which has a term of not more than ten years; and

(iii) the proceeds of which are used only to purchase an amount of the additional qualified common stock which the Chrysler Corporation issues by reason of subsection (a)(3).

(e) For purposes of this section, the term "qualified common stock" means stock of the class of common stock of the Chrysler Corporation which is outstanding on October 17, 1979, and which is readily tradeable on an established securities market.

"Qualified common stock."

(f) An amount equal to \$162,500,000 of the additional qualified common stock issued by the Corporation by reason of subsection (a)(3) shall not be treated for purposes of this Act as assistance received by the Chrysler Corporation from other than the Federal Government pursuant to section 4(c).

LIMITATIONS ON GUARANTEE AUTHORITY

SEC. 8. (a) The authority of the Board to extend loan guarantees under this Act shall not at any time exceed \$1,500,000,000 in the aggregate principal amount outstanding.

15 USC 1867.

(b) Subject to subsection (a), the total principal amount of loans which are guaranteed under this Act and which are outstanding at any time shall not exceed the amount of nonfederally guaranteed assistance under section 4(a) and the amount of concessions and contributions under section 6 which have accrued to the Corporation.

TERMS AND CONDITIONS OF LOAN GUARANTEES

SEC. 9. (a) Loans guaranteed under this Act shall be payable in full not later than December 31, 1990, and the terms and conditions of such loans shall provide that they cannot be amended, or any provision waived, without the Board's consent.

15 USC 1868.

(b)(1) Any commitment to issue guarantees entered into pursuant to this Act shall contain all the affirmative and negative covenants and other protective provisions that the Board determines are appropriate. The Board shall require security for the loans to be guaranteed under this Act at the time the commitment is made.

INSPECTION OF DOCUMENTS; AUDIT BY THE GENERAL ACCOUNTING
OFFICE

15 USC 1869.

SEC. 10. (a) At any time a request for a loan guarantee under this Act is pending or a loan guaranteed under this Act is outstanding, the Board is authorized to inspect and copy all accounts, books, records, memoranda, correspondence, and other documents and transactions of the Corporation and any other borrower requesting a guarantee under this Act.

(b) The General Accounting Office may make such audits as may be deemed appropriate by the Comptroller General of the United States of all accounts, books, records, memoranda, correspondence, and other documents and transactions of the Corporation and any other borrower. No guarantee may be made under this Act unless and until the Corporation and any other borrower agree, in writing, to allow the General Accounting Office to make such audits. The General Accounting Office shall report the results of all such audits to the Congress.

(c) The Board is empowered to investigate and shall investigate any allegations of fraud, dishonesty, incompetence, misconduct, or irregularity in the management of the affairs of the Corporation which are material to the Corporation's ability to repay the loans guaranteed under this Act.

PROTECTION OF GOVERNMENT'S INTEREST

15 USC 1870.

SEC. 11. (a) The Board shall take such action as may be appropriate to enforce any right accruing to the United States or any officer or agency thereof as a result of the commitment or issuance of guarantees under this Act.

(b) If the Corporation undertakes a sale of any asset having a value in excess of \$5,000,000, and if the Board determines such sale is likely to impair the ability and capacity of the Corporation to repay the guaranteed loans as scheduled, or to impair the ability of the Corporation to continue as a going concern or to meet such other tests of viability as the Board shall prescribe, the Board shall not issue any further guarantees for loans under this Act, and all guaranteed loans made prior to such determination shall be due and payable in full.

(c) If the Corporation enters into any contract, including but not limited to future wage and benefit settlements, having an aggregate value of \$10,000,000 or more, the Board shall determine and certify that the performance of the obligations of the Corporation pursuant to such contract will not reduce the ability of the Corporation to repay the guaranteed loans as scheduled, will not conflict with the Corporation's operating plan or financing plan as required under this Act, and will not impair the ability of the Corporation to continue as a going concern or to meet such other tests of viability as the Board shall prescribe. If in any case such determination and certification cannot be made, the Board shall not issue any further guarantees for loans under this Act until such certification can be made, and all loans guaranteed under this Act shall be due and payable in full.

(d) The Board shall be entitled to recover from the borrower, or from any other person liable therefor, the amount of all payments made pursuant to any guarantee entered into under this Act, and upon making any such payment, the Board shall be subrogated to all the rights of the recipient thereof.

(e) The remedies provided in this Act shall be cumulative and not in limitation of or substitution for any other remedy available to the Board or the United States.

(f) The Board may bring action in any United States district court or any other appropriate court to enforce compliance with the provisions of the Act or any agreement related thereto and such court shall have jurisdiction to enforce such compliance and enter such orders as may be appropriate.

Compliance,
court action.

(g) A loan shall not be guaranteed under this Act if the income from such loan is excluded from gross income for purposes of chapter 1 of the Internal Revenue Code of 1954 or if the guarantee provides significant collateral or security to other obligations, the income from which is so excluded.

26 USC 1 *et seq.*

(h) If any provision of this Act is held to be invalid or the application of such provision to any person or circumstance is held to be invalid by a court of competent jurisdiction, the remainder of this Act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

Invalidity of
provisions.

(i)(1) Notwithstanding any other provision of law and subject to paragraphs (2), (3), and (4), whenever any person is indebted to the United States as a result of any loan guarantee issued under this Act and such person is insolvent or is a debtor in a case under title 11, United States Code, the debts due to the United States shall be satisfied first.

Debts due to
United States.

(2) Subject to paragraphs (3) and (4), the Board may waive the priority established in paragraph (1) if—

Waivers.

(A) the Board determines that the waiver of such priority is necessary to facilitate the ability of the Corporation or any borrower to obtain financing; and

(B) the Board determines that, despite such waiver, there is a reasonable prospect of repayment of the loans guaranteed under this Act.

(3) Subject to paragraph (4), waivers under paragraph (2) may only be issued—

(A) with respect to any State or local government;

(B) with respect to a supplier of the Corporation, except that no supplier of the Corporation may receive waivers under paragraph (2) with respect to claims of such supplier in an amount of more than \$100,000; and

(C) with respect to loans made after October 17, 1979, by any creditor of the Corporation up to a total of \$400,000,000.

(4) A waiver under paragraph (2) with respect to a supplier of the Corporation or any creditor of the Corporation under paragraph (3)(C) may not by its terms subordinate the claims of the United States under this Act to those of any other creditor of the Corporation or of any borrower.

(j) The Corporation may not pay any dividend on its common or preferred stock during the period beginning on the date of the enactment of this Act and ending on the date on which loan guarantees issued under this Act are no longer outstanding.

Dividend
payment.

LONG-TERM PLANNING STUDY

SEC. 12. (a) The Secretary of Transportation, after consultation with the Secretary of Energy and the Secretary of Labor, shall submit to the Board and to the Congress as soon as practicable, but not later than six months after the date of enactment of this Act, an assess-

Submittal to
Board and
Congress.
15 USC 1871.

ment of the long-term viability of the Corporation's involvement in the automobile industry. The study shall assess the impact of likely energy trends and events on the automobile industry, including long-term capital requirements, productivity growth rate, rate of technological change, shifting market characteristics, the capability of the industry as a whole to respond to the requirements of the 1980's, and shall evaluate the adequacy of the industry's existing structure to make necessary technological and corporate adjustments. The study shall include an examination of the Corporation's capability to produce for sale an automobile similar to those vehicles developed under the research safety vehicle program of the National Highway Traffic Safety Administration. The study shall consider government procurement as one means of establishing a market for this automobile.

Annual
comprehensive
assessments to
Congress.

(b) The Secretary of Transportation shall prepare and transmit to the Congress annual comprehensive assessments of the state of the automobile industry and its interaction in an integrated economy. Each annual assessment shall include, but not be limited to, issues pertaining to personal mobility, capital and material requirements and availability, national and regional employment, productivity growth rate, trade and the balance of payments, the industry's competitive structure, and the effects of utilization of other modes of transportation.

Economic and
employment
trends.

(c) The Board shall take the results of the study and each annual assessment into account when examining and evaluating the Corporation's financing plan and operating plan.

(d) In the study and assessments required by subsection (a) and (b), the Secretary in consultation with appropriate agencies and departments shall identify any adverse effects on the economy of or on employment in the United States or any region thereof and shall make recommendations for dealing with the adverse economic and employment trends identified in such study and for proposed programs or structural or modifications of existing programs, as well as funding requirements, in such areas as economic development, community development, job retraining, and worker relocation. In addition, the Secretary may make any additional recommendations he deems appropriate to address the long term national and regional impact of reduced activity of the Corporation or of the automobile industry.

PROHIBITION ON USE OF THE FEDERAL FINANCING BANK

15 USC 1872.

SEC. 13. Notwithstanding the provisions of section 6 of the Federal Financing Bank Act of 1973 (12 U.S.C. 2285) or any other provision of law, none of the loans guaranteed or committed to be guaranteed under this Act shall be eligible for purchase by, or commitment to purchase by, or sale or issuance to, the Federal Financing Bank or any other Federal agency or department or entity owned in whole or in part by the United States.

REPORTS TO CONGRESS

15 USC 1873.

Future Federal
loan guarantees.

SEC. 14. (a) The Board shall submit to the Congress semiannually a full report of its activities under this Act during fiscal years 1980 and 1981, and annually thereafter so long as any loan guaranteed under this Act is outstanding. The final report for 1981 shall include an evaluation of the long-term economic implications of the Chrysler loan guarantee program, with findings, conclusions, and recommen-

dations for legislative and administrative actions considered appropriate to future Federal loan guarantee programs. The study shall also consider for inclusion in any guidelines covering future assistance to corporations the following factors:

(1) the prospective economic environment at the time the assistance would have its intended effect, and the impact that either the granting or denial of assistance will have on the environment,

(2) the importance, in terms of size and in terms of goods and services rendered, or the corporation or business entity to the national economy,

(3) the appropriateness of aggregate limits for such Federal assistance per fiscal year,

(4) the order of preference for specific types of assistance, and

(5) the degree to which assisted corporations or business entities should be required to adhere to other governmental policies as a condition for the assistance.

(b) Not less than fifteen days before the issuance of any loan guarantee under this Act, the Board shall transmit to the appropriate committees of the Congress a written report containing—

(1) the details of such loan guarantee;

(2) the specific assurances received by the Board under the provisions of sections 4 and 5; and

(3) the specific determinations made by the Board under the provisions of sections 4 and 5.

(c) The Board shall have the power to require the Secretary of Transportation to complete, within six months of such request, an assessment of the economic impact on the automobile industry of Federal regulatory requirements and the necessity thereof.

Federal
regulatory
requirements,
economic impact
assessment.

AUTHORIZATION OF APPROPRIATIONS

SEC. 15. (a) There are authorized to be appropriated beginning October 1, 1979, and to remain available without fiscal year limitation, such sums as may be necessary to carry out the provisions of this Act.

15 USC 1874.

(b) Notwithstanding any other provision of this Act, the authority of the Board to make any loan guarantee under this Act shall be limited to the extent such amounts are provided in advance in appropriation Acts.

TERMINATION

SEC. 16. The authority of the Board to make commitments to guarantee or to issue guarantees under this Act expires on December 31, 1983.

15 USC 1875.

ASSISTANCE TO AUTOMOBILE DEALERS

SEC. 17. (a) The Congress finds that—

(1) automobile dealerships are, for the most part, small businesses, and

(2) current economic conditions have adversely affected automobile dealers to an unusual extent.

(b) The Administrator of the Small Business Administration (hereinafter in this section referred to as the "Administrator") shall investigate the financial problems faced by small business automobile dealers and determine what assistance through loans and loan guarantees may be needed and can be made available to

15 USC 631 note.

SBA
investigation.

Report to
Congress.

alleviate such problems. The Administrator shall report the results of such investigation to the Senate and the House of Representatives not later than sixty days after the date of the enactment of this Act.

ELECTRIC AND HYBRID VEHICLE RESEARCH, DEVELOPMENT, AND
DEMONSTRATION ACT AMENDMENTS

SEC. 18. Section 13(c) of the Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976 (15 U.S.C. 2512(c)) is amended by adding the following new subparagraphs:

Evaluation
program.

“(1) The Secretary of Energy in consultation with the Secretary of Transportation and the Administrator of the Environmental Protection Agency is authorized and directed to conduct a seven-year evaluation program of the inclusion of electric vehicles, as defined in section 512(b)(2) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2012(b)(2)), in the calculation of average fuel economy pursuant to section 503(a) (1) and (2) of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2003(a) (1) and (2)) to determine the value and implications of such inclusion as an incentive for the early initiation of industrial engineering development and initial commercialization of electric vehicles in the United States. The evaluation program shall be conducted in parallel with the research and development activities of section 6 and demonstration activities of section 7 (15 U.S.C. 2505 and 2506) to provide all necessary information no later than January 1, 1987, for the private sector and Federal, State and local officials to make required decisions for the full commercialization of electric vehicles in the United States.

Regulations.

“(2) The Administrator of the Environmental Protection Agency, in consultation with the Secretary of Energy and the Secretary of Transportation, shall implement immediately the evaluation program by promulgating, within sixty days of enactment of the Act, regulations to include electric vehicles in average fuel economy calculations under section 503(a) (1) and (2) of the Motor Vehicle Information and Cost Savings Act. The Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2003), as amended, is further amended by adding a new section 503(a)(3) (15 U.S.C. 2003(a)(3)), which reads as follows:

Average fuel
economy,
calculation
procedures.

“(3) In the event that a manufacturer manufactures electric vehicles, as defined in section 512(b)(2) (15 U.S.C. 2012(b)(2)), the average fuel economy will be calculated under 503(a) (1) and (2) to include equivalent petroleum based fuel economy values for various classes of electric vehicles in the following manner:

“(A) The Secretary of Energy will determine equivalent petroleum based fuel economy values for various classes of electric vehicles. Determination of these fuel economy values will take into account the following parameters:

“(i) the approximate electrical energy efficiency of the vehicles considering the vehicle type, mission, and weight;

“(ii) the national average electricity generation and transmission efficiencies;

“(iii) the need of the Nation to conserve all forms of energy, and the relative scarcity and value to the Nation of all fuel used to generate electricity;

“(iv) the specific driving patterns of electric vehicles as compared with those of petroleum fueled vehicles.

“(B) The Secretary of Energy will propose equivalent petroleum based fuel economy values within four months of enactment of the Act. Final promulgation of the values is required no later than six months after the proposal of the values.

“(C) The Secretary of Energy will review these values on an annual basis and will propose revisions, if necessary.”.

Review.

“(3) The Secretary of Energy, in consultation with the Secretary of Transportation and the Administrator of the Environmental Protection Agency, shall include a full discussion of this evaluation program in the annual report required by section 14 (15 U.S.C. 2513) in each year after promulgation of the regulations under paragraph (2). The Secretary of Energy, in consultation with the Secretary of Transportation and the Administrator of the Environmental Protection Agency, shall submit to the Congress on January 1, 1987, a final report on the results of the evaluation program and any recommendations regarding the continued inclusion of electric vehicles in the average fuel economy calculations under the Motor Vehicle Information and Cost Savings Act.”.

Results, final
report to
Congress.

15 USC 1901
note.

Approved January 7, 1980.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 96-690 (Comm. on Banking, Finance, and Urban Affairs) and No. 96-730 (Comm. of Conference).

SENATE REPORT No. 96-463 accompanying S. 2094 (Comm. on Banking, Housing, and Urban Affairs.)

CONGRESSIONAL RECORD, Vol. 125 (1979):

Dec. 17, S. 2094 considered in Senate.

Dec. 18, S. 2094 considered in Senate; H.R. 5860 considered and passed House.

Dec. 19, H.R. 5860 considered and passed Senate, amended, in lieu of S. 2094.

Dec. 20, House and Senate agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 16, No. 1:

Jan. 7, Presidential statement.