

111TH CONGRESS
1ST SESSION

H. R. 2640

To accelerate motor fuel savings nationwide and provide incentives to registered owners of high polluting automobiles to replace such automobiles with new fuel efficient and less polluting automobiles.

IN THE HOUSE OF REPRESENTATIVES

MAY 21, 2009

Ms. SUTTON (for herself, Mr. DINGELL, Mr. MARKEY of Massachusetts, Mr. BARTON of Texas, Mr. UPTON, Mr. INSLEE, Mr. STUPAK, Mr. BRALEY of Iowa, Mrs. MILLER of Michigan, Mrs. CAPPS, Mr. BLUNT, Mr. DOYLE, Mr. TERRY, Mr. WELCH, Mr. WHITFIELD, Mrs. CHRISTENSEN, Mr. ROGERS of Michigan, Mr. DONNELLY of Indiana, Mrs. EMERSON, Mr. ARCURI, Mrs. BIGGERT, Mr. WILSON of Ohio, Mr. CASTLE, Mr. SARBANES, Mr. CAMP, Ms. BALDWIN, Mr. MCCOTTER, Mr. CARNAHAN, Mr. YARMUTH, Mr. COURTNEY, Mr. BLUMENAUER, Mr. HALL of New York, Mr. MANZULLO, Ms. KILPATRICK of Michigan, Mr. SCHAUER, Ms. FUDGE, Mr. HARE, Mr. SHULER, Mr. CONNOLLY of Virginia, Mr. MAFFEI, Ms. MOORE of Wisconsin, Mr. LEVIN, Mr. CONYERS, Mr. HASTINGS of Florida, Mr. LOEBSACK, Ms. KOSMAS, Mr. WALDEN, Mr. HILL, Mr. RYAN of Ohio, Mr. PETERS, Mr. KILDEE, Mr. LATOURETTE, Ms. DEGETTE, Mr. BOCCIERI, and Ms. KAPTUR) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To accelerate motor fuel savings nationwide and provide incentives to registered owners of high polluting automobiles to replace such automobiles with new fuel efficient and less polluting automobiles.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Consumer Assistance
5 to Recycle and Save Act”.

6 **SEC. 2. TEMPORARY VEHICLE TRADE-IN PROGRAM.**

7 (a) ESTABLISHMENT.—There is established in the
8 National Highway Traffic Safety Administration a pro-
9 gram to be known as the “Cash for Clunkers Temporary
10 Vehicle Trade-in Program” through which the Secretary,
11 in accordance with this section and the regulations pro-
12 mulgated under subsection (e), shall—

13 (1) authorize the issuance of an electronic
14 voucher, subject to the specifications set forth in
15 subsection (c), to offset the purchase price or lease
16 price for a qualifying lease of a new fuel efficient
17 automobile upon the surrender of an eligible trade-
18 in vehicle to a dealer participating in the Program;

19 (2) certify dealers for participation in the Pro-
20 gram and require that all certified dealers—

21 (A) accept vouchers as provided in this
22 section as partial payment or down payment for
23 the purchase or qualifying lease of any new fuel
24 efficient automobile offered for sale or lease by
25 that dealer; and

1 (B) in accordance with subsection (c)(2),
2 dispose of each eligible trade-in vehicle surren-
3 dered to the dealer under the Program;

4 (3) in consultation with the Secretary of the
5 Treasury, make payments to dealers for vouchers ac-
6 cepted by such dealers prior to April 1, 2010, in ac-
7 cordance with the regulations issued under sub-
8 section (d);

9 (4) in consultation with the Secretary of the
10 Treasury, provide for the payment of rebates to per-
11 sons who qualify for a rebate under subsection
12 (c)(3); and

13 (5) in consultation with the Secretary of Treas-
14 ury and the Inspector General of the Department of
15 Transportation, establish and provide for the en-
16 forcement of measures to prevent and penalize fraud
17 under the Program.

18 (b) QUALIFICATIONS FOR AND VALUE OF VOUCH-
19 ERS.—A voucher issued under the Program shall have a
20 value that may be applied to offset the purchase price or
21 lease price for a qualifying lease of a new fuel efficient
22 automobile as follows:

23 (1) \$3,500 VALUE.—The voucher may be used
24 to offset the purchase price or lease price of the new
25 fuel efficient automobile by \$3,500 if—

1 (A) the new fuel efficient automobile is a
2 passenger automobile and the combined fuel
3 economy value of such automobile is at least 4
4 miles per gallon higher than the combined fuel
5 economy value of the eligible trade-in vehicle;

6 (B) the new fuel efficient automobile is a
7 category 1 truck and the combined fuel econ-
8 omy value of such truck is at least 2 miles per
9 gallon higher than the combined fuel economy
10 value of the eligible trade-in vehicle;

11 (C) the new fuel efficient automobile is a
12 category 2 truck that has a combined fuel econ-
13 omy value of at least 15 miles per gallon and—

14 (i) the eligible trade-in vehicle is a
15 category 2 truck and the combined fuel
16 economy value of the new fuel efficient
17 automobile is at least 1 mile per gallon
18 higher than the combined fuel economy
19 value of the eligible trade-in vehicle; or

20 (ii) the eligible trade-in vehicle is a
21 category 3 truck of model year 2001 or
22 earlier; or

23 (D) the new fuel efficient automobile is a
24 category 3 truck and the eligible trade-in vehi-
25 cle is a category 3 truck of model year of 2001

1 or earlier and is of similar size or larger than
2 the new fuel efficient automobile as determined
3 in a manner prescribed by the Secretary.

4 (2) \$4,500 VALUE.—The voucher may be used
5 to offset the purchase price or lease price of the new
6 fuel efficient automobile by \$4,500 if—

7 (A) the new fuel efficient automobile is a
8 passenger automobile and the combined fuel
9 economy value of such automobile is at least 10
10 miles per gallon higher than the combined fuel
11 economy value of the eligible trade-in vehicle;

12 (B) the new fuel efficient automobile is a
13 category 1 truck and the combined fuel econ-
14 omy value of such truck is at least 5 miles per
15 gallon higher than the combined fuel economy
16 value of the eligible trade-in vehicle; or

17 (C) the new fuel efficient automobile is a
18 category 2 truck that has a combined fuel econ-
19 omy value of at least 15 miles per gallon and
20 the combined fuel economy value of such truck
21 is 2 miles per gallon higher than the combined
22 fuel economy value of the eligible trade-in vehi-
23 cle and the eligible trade-in vehicle is a category
24 2 truck.

25 (c) PROGRAM SPECIFICATIONS.—

1 (1) LIMITATIONS.—

2 (A) GENERAL PERIOD OF ELIGIBILITY.—A
3 voucher issued under the Program shall be used
4 only for the purchase or qualifying lease of new
5 fuel efficient automobiles that occur between
6 March 30, 2009 and March 31, 2010.

7 (B) NUMBER OF VOUCHERS PER PERSON
8 AND PER TRADE-IN VEHICLE.—Not more than
9 1 voucher may be issued for a single person and
10 not more than 1 voucher may be issued for the
11 joint registered owners of a single eligible trade-
12 in vehicle.

13 (C) NO COMBINATION OF VOUCHERS.—
14 Only 1 voucher issued under the Program may
15 be applied toward the purchase or qualifying
16 lease of a single new fuel efficient automobile.

17 (D) CAP ON FUNDS FOR CATEGORY 3
18 TRUCKS.—Not more than 7.5 percent of the
19 total funds made available for the Program
20 shall be used for vouchers for the purchase or
21 qualifying lease of category 3 trucks.

22 (E) COMBINATION WITH OTHER INCEN-
23 TIVES PERMITTED.—The availability or use of a
24 Federal, State, or local incentive or a State-
25 issued voucher for the purchase or lease of a

1 new fuel efficient automobile shall not limit the
2 value or issuance of a voucher under the Pro-
3 gram to any person otherwise eligible to receive
4 such a voucher.

5 (F) NO ADDITIONAL FEES.—A dealer par-
6 ticipating in the program may not charge a per-
7 son purchasing or leasing a new fuel efficient
8 automobile any additional fees associated with
9 the use of a voucher under the Program.

10 (G) NUMBER AND AMOUNT.—The total
11 number and value of vouchers issued under the
12 Program may not exceed the amounts appro-
13 priated for such purpose.

14 (2) DISPOSITION OF ELIGIBLE TRADE-IN VEHI-
15 CLES.—

16 (A) IN GENERAL.—For each eligible trade-
17 in vehicle, the title of which is transferred to a
18 dealer under the Program, the dealer shall cer-
19 tify to the Secretary, in such manner as the
20 Secretary shall prescribe by rule, that the vehi-
21 cle, including the engine and drive train—

22 (i) will be crushed or shredded within
23 such period and in such manner as the
24 Secretary prescribes, or will be transferred
25 to an entity that will ensure that the vehi-

1 cle will be crushed or shredded within such
2 period and in such manner as the Sec-
3 retary prescribes; and

4 (ii) has not been, and will not be, sold,
5 leased, exchanged, or otherwise disposed of
6 for use as an automobile in the United
7 States or in any other country, or has been
8 or will be transferred, in such manner as
9 the Secretary prescribes, to an entity that
10 will ensure that the vehicle has not been,
11 and will not be, sold, leased, exchanged, or
12 otherwise disposed of for use as an auto-
13 mobile in the United States or in any other
14 country.

15 (B) SAVINGS PROVISION.—Nothing in sub-
16 paragraph (A) may be construed to preclude a
17 person who dismantles or disposes of the vehicle
18 from—

19 (i) selling any parts of the disposed
20 vehicle other than the engine block and
21 drive train (unless the engine or drive train
22 has been crushed or shredded); or

23 (ii) retaining the proceeds from such
24 sale.

1 (C) COORDINATION.—The Secretary shall
2 coordinate with the Attorney General to ensure
3 that the National Motor Vehicle Title Informa-
4 tion System and other publicly accessible and
5 commercially available systems are appro-
6 priately updated to reflect the crushing or
7 shredding of vehicles under this section and ap-
8 propriate re-classification of the vehicles' titles.

9 (3) ELIGIBLE PURCHASES OR LEASES PRIOR TO
10 DATE OF ENACTMENT.—A person who purchased or
11 leased a new fuel efficient vehicle after March 30,
12 2009, and before the date of enactment of this sec-
13 tion is eligible for a cash rebate equivalent to the
14 amounts described in subsection (b)(1) if the person
15 provides proof satisfactory to the Secretary that—

16 (A) the person was the registered owner of
17 an eligible trade-in vehicle; and

18 (B) such vehicle has been disposed of in
19 accordance with clauses (i) and (ii) of para-
20 graph (2)(A).

21 (d) REGULATIONS.—Notwithstanding the require-
22 ments of section 553 of title 5, United States Code, the
23 Secretary shall promulgate final regulations to implement
24 the Program not later than 30 days after the date of the
25 enactment of this section. Such regulations shall—

1 (1) provide for a means of certifying dealers for
2 participation in the program;

3 (2) establish procedures for the reimbursement
4 of dealers participating in the Program to be made
5 through electronic transfer of funds for both the
6 amount of the vouchers and any reasonable adminis-
7 trative costs incurred by the dealer as soon as prac-
8 ticable but no longer than 10 days after the submis-
9 sion of a voucher for the new fuel efficient auto-
10 mobile to the Secretary;

11 (3) prohibit a dealer from using the voucher to
12 offset any other rebate or discount offered by that
13 dealer or the manufacturer of the new fuel efficient
14 automobile;

15 (4) require dealers to disclose to the person
16 trading in an eligible trade-in vehicle the best esti-
17 mate of the scrappage value of such vehicle and to
18 permit the dealer to retain \$50 of any amounts paid
19 to the dealer for scrappage of the automobile as pay-
20 ment for any administrative costs to the dealer asso-
21 ciated with participation in the Program;

22 (5) establish a process by which persons who
23 qualify for a rebate under subsection (c)(3) may
24 apply for such rebate;

1 (6) consistent with subsection (c)(2), establish
2 requirements and procedures for the disposal of eli-
3 gible trade-in vehicles and provide such information
4 as may be necessary to entities engaged in such dis-
5 posal to ensure that such vehicles are disposed of in
6 accordance with such requirements and procedures,
7 including—

8 (A) requirements for the removal and ap-
9 propriate disposition of refrigerants, antifreeze,
10 lead products, mercury switches, and such other
11 toxic or hazardous vehicle components prior to
12 the crushing or shredding of an eligible trade-
13 in vehicle, in accordance with rules established
14 by the Secretary in consultation with the Ad-
15 ministrator of the Environmental Protection
16 Agency, and in accordance with other applicable
17 Federal or State requirements; and

18 (B) a mechanism for dealers to certify to
19 the Secretary that eligible trade-in vehicles are
20 disposed of, or transferred to an entity that will
21 ensure that the vehicle is disposed of, in accord-
22 ance with such requirements and procedures
23 and to submit the vehicle identification numbers
24 of the vehicles disposed of and the new fuel effi-
25 cient automobile purchased with each voucher;

1 (7) consistent with subsection (c)(2), establish
2 requirements and procedures for the disposal of eli-
3 gible trade-in vehicles and provide such information
4 as may be necessary to entities engaged in such dis-
5 posal to ensure that such vehicles are disposed of in
6 accordance with such requirements and procedures;
7 and

8 (8) provide for the enforcement of the penalties
9 described in subsection (e).

10 (e) ANTI-FRAUD PROVISIONS.—

11 (1) VIOLATION.—It shall be unlawful for any
12 person to violate any provision under this section or
13 any regulations issued pursuant to subsection (d).

14 (2) PENALTIES.—Any person who commits a
15 violation described in paragraph (1) shall be liable to
16 the United States Government for a civil penalty of
17 not more than \$25,000 for each violation.

18 (f) INFORMATION TO CONSUMERS AND DEALERS.—
19 Not later than 30 days after the date of enactment of this
20 section, and promptly upon the update of any relevant in-
21 formation, the Secretary shall make available on an Inter-
22 net website and through other means determined by the
23 Secretary information about the Program, including—

24 (1) how to determine if a vehicle is an eligible
25 trade-in vehicle;

1 (2) how to participate in the Program, includ-
2 ing how to determine participating dealers;

3 (3) a comprehensive list, by make and model, of
4 new fuel efficient automobiles meeting the require-
5 ments of the Program.

6 Once such information is available, the Secretary shall
7 conduct a public awareness campaign to inform consumers
8 about the Program and where to obtain additional infor-
9 mation.

10 (g) RECORDKEEPING AND REPORT.—

11 (1) DATABASE.—The Secretary shall maintain
12 a database of the vehicle identification numbers of
13 all new fuel efficient vehicles purchased or leased
14 and all eligible trade-in vehicles disposed of under
15 the Program.

16 (2) REPORT.—Not later than June 30, 2010,
17 the Secretary shall submit a report to the Com-
18 mittee on Energy and Commerce of the House of
19 Representatives and the Committee on Commerce of
20 the Senate describing the efficacy of the Program,
21 including—

22 (A) a description of program results, in-
23 cluding—

24 (i) the total number and amount of
25 vouchers issued for purchase or lease of

1 new fuel efficient automobiles by manufac-
2 turer (including aggregate information
3 concerning the make, model, model year)
4 and category of automobile;

5 (ii) aggregate information regarding
6 the make, model, model year, and manu-
7 facturing location of vehicles traded in
8 under the Program; and

9 (iii) the location of sale or lease;

10 (B) an estimate of the overall increase in
11 fuel efficiency in terms of miles per gallon, total
12 annual oil savings, and total annual greenhouse
13 gas reductions, as a result of the Program; and

14 (C) an estimate of the overall economic
15 and employment effects of the Program.

16 (h) TREATMENT OF PAYMENT.—

17 (1) FOR FEDERAL AND STATE PROGRAMS.—A
18 voucher under this Act or any payment made for
19 such a voucher pursuant to subsection (a)(3) shall
20 not be considered income and shall not be considered
21 as a resource for the month of receipt and the fol-
22 lowing 12 months, for purposes of determining the
23 eligibility of the recipient (or the recipient's spouse
24 or other family or household members) for benefits

1 or assistance, or the amount or extent of benefits or
2 assistance, under any Federal or State program.

3 (2) FOR PURPOSES OF TAXATION.—A voucher
4 under this Act or any payment made for such a
5 voucher pursuant to subsection (a)(3) shall not be
6 considered as gross income for purposes of the Inter-
7 nal Revenue Code of 1986.

8 (i) DEFINITIONS.—As used in this section—

9 (1) the term “passenger automobile” means a
10 passenger automobile, as defined in section
11 32901(a)(18) of title 49, United States Code, that
12 has a combined fuel economy value of at least 22
13 miles per gallon;

14 (2) the term “category 1 truck” means a non-
15 passenger automobile, as defined in section
16 32901(a)(17) of title 49, United States Code, that
17 has a combined fuel economy value of at least 18
18 miles per gallon, except that such term does not in-
19 clude a category 2 truck;

20 (3) the term “category 2 truck” means a large
21 van or a large pickup, as categorized by the Sec-
22 retary using the method used by the Environmental
23 Protection Agency and described in the report enti-
24 tled “Light-Duty Automotive Technology and Fuel
25 Economy Trends: 1975 through 2008”;

1 (4) the term “category 3 truck” means a work
2 truck, as defined in section 32901(a)(19) of title 49,
3 United States Code;

4 (5) the term “combined fuel economy value”
5 means—

6 (A) with respect to a new fuel efficient
7 automobile, the number, expressed in miles per
8 gallon, centered below the words “Combined
9 Fuel Economy” on the label required to be af-
10 fixed or caused to be affixed on a new auto-
11 mobile pursuant to subpart D of part 600 of
12 title 40 Code of Federal Regulations;

13 (B) with respect to an eligible trade-in ve-
14 hicle, the equivalent of the number described in
15 subparagraph (A), and posted under the words
16 “Estimated New EPA MPG” and above the
17 word “Combined” for vehicles of model year
18 1984 through 2007, or posted under the words
19 “New EPA MPG” and above the word “Com-
20 bined” for vehicles of model year 2008 or later
21 on the fueleconomy.gov website of the Environ-
22 mental Protection Agency for the make, model,
23 and year of such vehicle; or

24 (C) with respect to an eligible trade-in ve-
25 hicle manufactured between model years 1978

1 through 1984, the equivalent of the number de-
2 scribed in subparagraph (A) as determined by
3 the Secretary (and posted on the website of the
4 National Highway Traffic Safety Administra-
5 tion) using data maintained by the Environ-
6 mental Protection Agency for the make, model,
7 and year of such vehicle.

8 (6) the term “dealer” means a person licensed
9 by a State who engages in the sale of new auto-
10 mobiles to ultimate purchasers;

11 (7) the term “eligible trade-in vehicle” means
12 an automobile or a work truck (as such terms are
13 defined in section 32901(a) of title 49, United
14 States Code) that, at the time it is presented for
15 trade-in under this section—

16 (A) is in drivable condition; and

17 (B) has been continuously insured con-
18 sistent with the applicable State law and reg-
19 istered to the same owner for a period of not
20 less than 1 year immediately prior to such
21 trade-in; and

22 (C) has a combined fuel economy value of
23 18 miles per gallon or less;

1 (8) the term “new fuel efficient automobile”
2 means an automobile described in paragraph (1),
3 (2), (3), or (4)—

4 (A) the equitable or legal title of which has
5 not been transferred to any person other than
6 the ultimate purchaser;

7 (B) that carries a manufacturer’s sug-
8 gested retail price of \$45,000 or less;

9 (C) that—

10 (i) for new fuel efficient automobiles
11 weighing up to 8,500 pounds, is certified
12 to applicable standards under section
13 86.1811–04 of title 40, Code of Federal
14 Regulations; or

15 (ii) for category 3 trucks, is certified
16 to the applicable vehicle or engine stand-
17 ards under section 86.1816–08, 86–007–
18 11, or 86.008–10 of title 40, Code of Fed-
19 eral Regulations; and

20 (D) that has the combined fuel economy
21 value of—

22 (i) 22 miles per gallon for a passenger
23 automobile;

24 (ii) 18 miles per gallon for a category
25 1 truck; and

1 (iii) 15 miles per gallon for a category
2 2 truck;

3 (9) the term “Program” means the Cash for
4 Clunkers Temporary Vehicle Trade-in Program es-
5 tablished by this section;

6 (10) the term “qualifying lease” means a lease
7 of an automobile for a period of not less than 5
8 years;

9 (11) the term “scrappage value” means the
10 amount received by the dealer for a vehicle upon
11 transferring title of such vehicle to the person re-
12 sponsible for ensuring the dismantling and destroy-
13 ing of the vehicle;

14 (12) the term “Secretary” means the Secretary
15 of Transportation acting through the National High-
16 way Traffic Safety Administration;

17 (13) the term “ultimate purchaser” means,
18 with respect to any new automobile, the first person
19 who in good faith purchases such automobile for
20 purposes other than resale; and

21 (14) the term “vehicle identification number”
22 means the 17 character number used by the auto-
23 mobile industry to identify individual automobiles.

1 (j) AUTHORIZATION OF APPROPRIATIONS.—There is
2 authorized to be appropriated to the Secretary
3 \$4,000,000,000 to carry out this Act.

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