Driven to improve

There’s something for everyone to dislike in the Cash for Guzzlers program

By David Czamanske 07/09/2009

As you may have heard, President Obama signed — when it was tacked onto a must-pass bill to fund the wars in Iraq and Afghanistan — a provision to provide vouchers worth up to $4,500 to stimulate the purchase of new cars and trucks.

The provision, commonly referred to as Cash for Guzzlers (please see Wheels on page 20) is designed to stimulate the purchase of fuel-efficient vehicles by providing federal rebates to auto purchasers who turn in vehicles with low gas mileage when buying a new one getting better mileage.

Originally proposed as part of energy legislation slowly wending its way through the House of Representatives, the provision was hijacked by congressmen from Midwestern states with auto assembly plants and added as a rider to the war-funding bill.

As enacted, it does more to help clear excessive inventory of already-built vehicles — many without good gas mileage — sitting on the parking lots of car makers and dealers than it does to promote sale of fuel-efficient vehicles.

The program's auto-industry slant, modified slightly before final passage by Congress, has been strongly criticized by commentators as diverse as Lisa Margonelli of the New America Foundation, Dan Becker of the Safe Climate Campaign and Sens. Dianne Feinstein and Susan Collins. They point out that the program will subsidize the purchase of brand-new gas guzzling trucks, vans and SUVs that get only slightly better mileage.
than the vehicles they replace.

The National Highway Traffic Safety Administration will develop regulations to administer the program, but its basic features are specified in the enacted legislation.

Trade-in vehicles must be in drivable condition, manufactured in model year 1984 or later, and have been owned and insured by the same owner for the past year or longer. The new vehicle may be either domestic or foreign.

The value of vouchers depends on the amount of gas use saved in the trade-off. For passenger cars, the trade-in car must have a combined fuel economy rating of 18 miles per gallon or less. A voucher worth $3,500 will be issued if the new car gets at least 4 mpg more than the trade-in; one worth $4,500 will be issued if the new car gets at least 10 mpg more.

For light trucks and SUVs, a voucher for $3,500 will be issued if the new vehicle gets at least 18 mpg and gets 2 mpg more than the old; a new vehicle that gets at least 5 mpg more qualifies for a $4,500 voucher.

And for large pickups and vans weighing between 6,000 and 8,500 pounds, a new vehicle that gets at least 15 mpg and is a mere 1 mpg improvement over the trade-in qualifies for the $3,500 voucher; while one that is a 2 mpg improvement gets a $4,500 voucher.

To ensure that qualifying trade-in vehicles are permanently taken off the road, their engines and transmissions must be crushed; other parts of value may be removed prior to the crushing.

The rebates will be available only for a four-month period — until Nov. 1 — or until the $1 billion authorized for the program is exhausted. (Earlier versions of the legislation had proposed up to $4 billion, but the amount was reduced in response to environmentally oriented Democrats who were upset with the bill’s catering to the auto industry and conservative Republicans who didn’t want any money spent for this purpose.)

Data from the Congressional Budget Office indicate that the bill will result in sale of 150,000 new cars. Although not insignificant, this is less than 2 percent of this year's anticipated sales. (Though annual US car sales exceeded 15 million as recently as two years ago, sales this year are estimated to total only 9 million.)

It is anticipated that the program will be administered through car dealers; a list of participating dealers is being developed at cashforclunkersfacts.com. Gas mileage of most vehicles can be found at fueleconomy.gov.

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You do not need actual vouchers or coupons to participate in this program. All dealers are required and the government will reimburse the fees for the clunkers.

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posted by jimwhenry on 7/16/09 @ 11:05 p.m.