



Dealers revving up for clunkers fight

By Jim Snyder - 08/03/09 07:13 PM EDT

If the Senate were a customer on the lot, auto dealers might extend it a hand, get it a cool drink, ask it about the kids and then offer it a deal too good to refuse.

For just \$2 billion — money already in the bank, mind you — senators could help auto companies, workers and dealerships shake off a horrible year and return home to thousands of smiling new car buyers.

But wait, there's more.

By extending the clunkers program, depleted of its first \$1 billion in just over a week, senators would also be helping the environment. As some senators insist on higher fuel-efficiency requirements, dealers are reporting that by a 2 to 1 ratio consumers are buying cars that get at least 10 miles more per gallon than the gas-guzzler they are trading in. Drivers get a bigger rebate — up to \$4,500 — as the mileage improves from the older car to the newer one.

Bailey Wood, a lobbyist for the National Automobile Dealers Association, said the auto trade-in program has been a huge success by any measure.

“It's timely, targeted and temporary. It's exactly what a stimulus program should be,” he said.

This week, the association is launching what Wood calls a “massive, nationwide grassroots” push to keep the good times rolling. The House approved the extension before leaving town last week for the August break, but the road in the Senate is expected to be tougher.

The association has already spent \$1.3 million to lobby Congress and the administration this year, an increase over what it had spent a year ago.

Auto companies are revving up their lobbying efforts, too, boosted by new sales reports that show the clunkers program drove customers to dealerships. Ford Motor Co., for example, reported sales grew nearly 2 percent last month.

The U.S. Chamber of Commerce weighed in, saying in a letter to Capitol Hill last week that the clunkers program had exceeded expectations for success.

The House-passed legislation would take \$2 billion already appropriated to the Energy Department in the economic recovery act and instead use it to extend the clunkers program.

Dealers reported last week that demand had been so high that the \$1 billion Congress originally appropriated wouldn't last beyond this week. The program gives consumers a rebate when they trade in a vehicle that gets 18 miles per gallon or less and replace it with one that gets at least 22 mpg.

Although the money has already been appropriated, deficit hawks fear the clunkers program could be a money pit constantly in need of taxpayer dollars and that the rebates are going to middle-class consumers who would be trading in their vehicle anyway.

The Senate must agree by unanimous consent to bring the House bill to the floor early this week, which seems unlikely given the criticism some senators have leveled against extending the program. Sen. **John McCain** (R-Ariz.) has indicated through a spokeswoman that he would filibuster the bill. Sen. **Claire McCaskill** (D-Mo.) said she would vote no. One industry source said a vote was expected on Thursday.

Meanwhile, some environmental groups are urging coastal-state senators to slow down the clunkers push in hopes of improving fuel-efficiency requirements when Congress returns this fall.

Dan Becker of the Safe Climate Campaign says dealers are basically saying to Congress: Trust us.

“Congress should try to figure out how the first \$1 billion was spent before it throws another \$2 billion into the pot,” Becker said. “Did most of the taxpayer subsidy go for efficient, clean vehicles that cut global warming pollution and our oil addiction, or did people trade in old clunkers for new gas-guzzlers?”

But Wood said changing the program now would be like doing an oil change while a car was still moving — unnecessarily complicated.

“You don't get a vehicle fixed if it just needs more gas. Don't change the program.”

Let the fossil fuel war begin

The coal industry, upset by a new lobbying effort by natural-gas companies, is responding with an advertising campaign of its own.

In the new ad, the group contends that replacing coal with natural gas would increase electricity rates by 450 percent.

“America can’t afford to put most of its electricity eggs in the natural-gas basket,” the ad states.

The National Mining Association, whose members include coal producers, is paying for the advertising.

The campaign is a response to America’s Natural Gas Alliance, a group of natural-gas producer and pipeline companies that formed in March, which is stepping up its lobbying efforts on the climate bill in part by challenging what it sees as giveaways to the coal industry in the House climate bill.

The alliance wants the Senate bill to be less generous to coal. The group says carbon emissions could be cut by 50 percent immediately if utilities used as much natural gas as they now use coal to produce power.

TAGS: Claire McCaskill, John McCain

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