RSC
Republican Study Committee

REP. TOM PRICE, M.D. (R-GA), CHAIRMAN
PAUL TELLER, EXECUTIVE DIRECTOR
424 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515

rsc.price.house.gov
ph (202) 226-9717 / fax (202) 226-1633

Legislative Bulletin…………………………………September 16, 2009

Contents:

H.R. 3246—The Advanced Vehicle Technology Act of 2009

(Peters, D-MI)

Key Conservative Concerns

Take Away Points

- ***Government Motors Continues:*** The federal government holds a 60 percent stake in General Motors and an 8 percent investment in Chrysler and taxpayers have spent a total $81 billion since the bailouts began. H.R. 3246 authorizes another $2.85 billion for the benefit of the industry.

- ***Duplicative Program:*** The mission of the Center for Transportation Technologies and Systems (CTTS) appears to be similar to a number of the goals and programs outlined in H.R. 3246. Additionally, the DOE already runs the 21st Century Truck Partnership (21CTP), and the FreedomCar, and the Hydrogen Fuel Initiative programs.

- ***Runs Against Free Market:*** Competition improves products for consumers, not a politically-directed industrial policy from Washington to assist the auto industry.

For more details on these concerns, see below

Order of Business: The bill is expected to be considered on Wednesday, September 16, 2009, under an expected structured rule providing for one hour of general debate and making in order several amendments. The RSC will summarize each amendment made in order in a separate document.

Summary: H.R. 3246 authorizes $2.85 billion over five years to direct the Secretary of Energy to conduct a vehicle research and development program with the goal of creating new technologies that will improve fuel and emission efficiency in transportation technology.

Title I of the legislation authorizes $1.75 billion over five years to create a new demonstration program in the DOE find commercial applications on activities to "reduce or eliminate petroleum use and the emissions of the Nation's passenger and commercial vehicles." Some of twenty five defined activities include hybridization, battery and other energy storage devices, aerodynamic, weight, engine capacity, fuel storage, and other research areas as determined by the Secretary. In addition, Title I directs the Secretary to maintain competency in mid- to long-term transformational vehicle technologies including hydrogen, battery technology, electrical grid connectivity, and other strategies determined by the Secretary.

To the maximum extent possible, the legislation would be carried out in partnership or in collaboration with a number of entities, including; automotive companies, manufacturers, and universities, among others. The Secretary will also work with other federal agencies to ensure coordination and avoid duplication with ongoing projects. Title I also requires the Secretary to conduct research and development programs for sensing and communication technologies, to develop better transportation systems and develop greater production rates and reduce waste in manufacturing. Finally, Title I permits the Secretary to use up to $115 million of the $1.75 billion authorization to construct testing facilities to conduct these demonstration projects.

Title II of the bill authorizes $1.1 billion to implement a similar program to Title I that applies to medium and heavy duty commercial vehicles. Some of twenty defined activities include engine efficiency and combustion research, energy and space-efficient emissions controls, hybrid technology, increasing load capacity per vehicle, and retrofitting advanced technologies onto existing trucks. The Secretary will appoint a Director to run the program to provide consensus with different invested parties and recruit participants to the program.

Additionally, Title II directs the Secretary to provide a competitive grant program to improve efficiency on Class 8 trailers, develop a standard procedure to evaluate efficient technologies, and implement a nonroad pilot project to improve total machine or system efficiency for heavy duty nonroad equipment. The legislation authorized $60 million over three years to cover the costs of the nonroad pilot project.

Additional Background: According to the Energy Information Administration and listed in the findings, the transportation sector accounts for approximately 28 percent of the United States primary energy demand and greenhouse gas emissions, and 24 percent of global oil demand. The United States transportation sector is over 95 percent dependent on petroleum, of which 60 percent is from imported supplies. By 2030, heavy truck fuel consumption will increase 23 percent.

The Department of Energy currently participates in a number of programs aimed at performing research and development in a variety of areas to assist auto-manufactures in the development of technology. These projects already include research and development on combustion engines and fuels, transportation systems, lightweight vehicle materials, manufacturing technology and other standards development initiatives.

The DOE funds and performs R&D in a variety of other areas to meet industry needs. These include, but are not limited to, combustion research for engines and fuels, modeling and simulation of vehicle and transportation systems, lightweight vehicle materials, manufacturing technologies, and vehicle testing and standards development.

Proponents of the legislation argue "that what is needed is long-term sustained funding on a broad range of areas from near-commercial technologies to exploratory research on systems with the potential to revolutionize transportation in the U.S." They claim actions taken by the Bush Administration resulted in a "winner-take-all approach" to vehicle research and accuse the administration of reducing funding before the programs could develop commercially viable technologies.

Conservative Concerns: Some conservatives may be concerned that H.R. 3246 further exacerbates the federal governments' involvement with the auto industry. The federal government holds a 60 percent stake in General Motors and an 8 percent investment in Chrysler. Since January of this year, taxpayers have sunk more than $64 billion into these two companies. Taxpayers have spent a total $81 billion since the bailouts began, and the Congressional Oversight Panel for the Troubled Asset Relief Program recently confirmed much of the loans are "highly unlikely to be recovered."

Taxpayer investors should have had some expectation that they would also use these funds to support research and development projects to make their products more competitive and efficient. Some conservatives argue that H.R. 3246 will create a number of initiatives that are duplicative in nature.

The DOE and other federal agencies run a number of programs that seem extremely similar to many of those created by H.R. 3246. The DOE already runs the 21st Century Truck Partnership (21CTP), and the FreedomCar, and the Hydrogen Fuel Initiative programs. Collectively, these programs conduct research and development through collaborations to create technologies that apply to a range of passenger cars and light trucks. According to the Committee Report (111-254), the FreedomCar and hydrogen-related research at the Department of Energy saw an increase in funding from $184.6 million to $338.5 million between 2003 and 2008.

The mission of the National Renewable Energy Laboratory's (NREL) Center for Transportation Technologies and Systems (CTTS) appears to be similar to a number of the goals and programs outlined in H.R. 3246. Click here for additional background on this program.

Finally, many conservatives would argue that competition in a free market is what has historically caused auto companies to develop technologies to make their products more desirable and efficient, not a politically-directed industrial policy from Washington to assist the auto industry.

Committee Action: On July 17, 2009, the bill was introduced and referred to the Committee on Science and Technology. On July 21, 2009, the subcommittee on Energy and Environment held a mark-up and reported the bill to the full committee by voice vote. On July 29, 2009, the full committee held a mark-up and ordered the bill to be reported by a voice vote.

Administration Position: No Statement of Administration is available.

Cost to Taxpayers: According to CBO, H.R. 3246 would authorize appropriations of $2.85 billion over the 2010-2014 period. In addition, CBO "estimates that implementing H.R. 3246 would cost $2.43 billion over the 2010-2014 period and $423 million after 2014."

Does the Bill Expand the Size and Scope of the Federal Government?: Yes, the legislation creates a new program in the Department of Energy to research and develop more fuel and emission efficient transportation technology.

<u>Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?</u>: No.

<u>Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits?</u>: According to Committee Report 111-254, H.R. 3246 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in House Rule XXI, clause 9(d), 9(e), and 9(f).

<u>Constitutional Authority</u>: The committee report for H.R. 3246 cites Constitutional Authority in Article I, Section 8, but *<u>fails</u>* to cite a foregoing power to what this clause reflects.

<u>RSC Staff Contact</u>: Bruce F. Miller, bruce.miller@mail.house.gov, (202)-226-9720.