

110<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 3737

To require the Secretary of the Treasury to carry out a program to enable certain individuals to trade certain old automobiles for certain new automobiles, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

DECEMBER 11 (legislative day, DECEMBER 10), 2008

Mr. HARKIN (for himself and Mr. DURBIN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To require the Secretary of the Treasury to carry out a program to enable certain individuals to trade certain old automobiles for certain new automobiles, and for other purposes.

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 “Sell Fuel Efficient  
5 Cars Act of 2008”.

6 **SEC. 2. PASSENGER AUTOMOBILE TRADE-IN PROGRAM.**

7 (a) **DEFINITIONS.**—In this section:

1           (1) AUTOMOBILE, FUEL, MANUFACTURER, PAS-  
2           SENGER AUTOMOBILE.—The terms “automobile”,  
3           “fuel”, “manufacturer”, and “passenger auto-  
4           mobile” have the meaning given such terms in sec-  
5           tion 32901 of title 49, United States Code.

6           (2) ELIGIBLE INDIVIDUAL.—The term “eligible  
7           individual” means an individual—

8                   (A) who does not have more than 3 pas-  
9                   senger automobiles registered under his or her  
10                  name;

11                  (B) who filed a return of Federal income  
12                  tax for a taxable year beginning in 2007, and,  
13                  if married for such taxable year (as determined  
14                  under section 7703 of the Internal Revenue  
15                  Code of 1986), filed a joint return;

16                  (C) who is not an individual with respect  
17                  to whom a deduction under section 151 of the  
18                  Internal Revenue Code of 1986 is allowable to  
19                  another taxpayer for a taxable year beginning  
20                  in the calendar year in which the individual’s  
21                  taxable year begins;

22                  (D) whose adjusted gross income reported  
23                  in such return was not more than \$25,000  
24                  (\$40,000 in the case of a joint tax return or a  
25                  return filed by a head of household (as defined

1 in section 2(b) of the Internal Revenue Code of  
2 1986));

3 (E) who has not acquired an automobile  
4 under the Program; and

5 (F) who did not file such return jointly  
6 with another individual who has acquired an  
7 automobile under the Program.

8 (3) ELIGIBLE NEW AUTOMOBILE.—

9 (A) IN GENERAL.—The term “eligible new  
10 automobile”, with respect to a trade of an eligi-  
11 ble old automobile by an eligible individual  
12 under the Program, means a passenger auto-  
13 mobile that—

14 (i) has never been registered in any  
15 jurisdiction;

16 (ii) was manufactured by an auto-  
17 mobile manufacturer that has—

18 (I) operations in the United  
19 States, the failure of which would  
20 have a systemic adverse effect on the  
21 overall economy of the United States  
22 or a significant loss of United States  
23 jobs, as determined by the Secretary;  
24 and

1 (II) operated a manufacturing fa-  
2 cility that produced automobiles or  
3 automobile components in the United  
4 States throughout the 20-year period  
5 ending on the date of the enactment  
6 of this Act;

7 (iii) was assembled in the United  
8 States; and

9 (iv) has a fuel economy that—

10 (I) is not less than 25 miles per  
11 gallon, as determined by the Adminis-  
12 trator of the Environmental Protec-  
13 tion Agency using the 5-cycle fuel  
14 economy measurement methodology of  
15 such Agency; and

16 (II) has a fuel economy that is  
17 more than 4.9 miles per gallon greater  
18 than the fuel economy of such eligible  
19 old automobile, as determined by the  
20 Administrator using the 2-cycle fuel  
21 economy measurement methodology of  
22 such Agency for both automobiles.

23 (B) FUEL ECONOMY TESTING METH-  
24 ODOLOGIES.—If a passenger automobile de-  
25 scribed in subclause (I) or (II) of subparagraph

1 (A)(iv) has not been measured using the respec-  
2 tive methodologies described such subclauses,  
3 the Administrator may estimate what such  
4 measurement would be if the Administrator  
5 were to use the respective methodology for pur-  
6 poses of determining the fuel economy under  
7 such subclauses.

8 (4) ELIGIBLE OLD AUTOMOBILE.—The term  
9 “eligible old automobile”, with respect to a trade for  
10 an eligible new automobile by an eligible individual  
11 under the Program, means a passenger automobile  
12 that—

13 (A) is operable;

14 (B) was first registered in any jurisdiction  
15 by any person not less than 10 years before the  
16 date on which such trade is initiated;

17 (C) is registered under such eligible indi-  
18 vidual’s name on the date on which such trade  
19 is initiated; and

20 (D) was registered under such eligible indi-  
21 vidual’s name before December 1, 2008.

22 (5) FUEL ECONOMY.—The term “fuel econ-  
23 omy” means the average number of miles traveled  
24 by an automobile for each gallon of gasoline (or  
25 equivalent amount of other fuel) used, as determined

1 by the Administrator of the Environmental Protec-  
2 tion Agency.

3 (6) PROGRAM.—The term “Program” means  
4 the Passenger Automobile Trade-In Program estab-  
5 lished under subsection (b).

6 (7) SECRETARY.—The term “Secretary” means  
7 the Secretary of the Treasury, or the Secretary’s  
8 designee.

9 (b) PROGRAM ESTABLISHED.—The Secretary shall  
10 establish the Passenger Automobile Trade-In Program to  
11 provide eligible individuals with subsidies to purchase eli-  
12 gible new automobiles in exchange for eligible old auto-  
13 mobiles.

14 (c) DURATION OF PROGRAM.—The Program shall  
15 commence on the date on which the Secretary prescribes  
16 regulations under subsection (g) and shall terminate on  
17 December 31, 2009.

18 (d) TRADES.—

19 (1) IN GENERAL.—Except as otherwise pro-  
20 vided in this subsection, if an eligible individual and  
21 a seller of an eligible new automobile initiate a trade  
22 as described in subsection (e) for such new auto-  
23 mobile with an eligible old automobile of the eligible  
24 individual, the Secretary shall provide to the seller of  
25 such new automobile \$10,000.

1           (2) LIMITATION ON PURCHASE PRICE OF ELIGI-  
2           BLE NEW AUTOMOBILES.—The Secretary may not  
3           make any payment under this subsection for a trade  
4           for an eligible new automobile under the Program if  
5           the purchase price of such new automobile exceeds  
6           the manufacturer’s suggested retail price for such  
7           new automobile.

8           (3) COMPENSATION FOR DELAYED PAY-  
9           MENTS.—In the case that a payment under this sub-  
10          section to a seller for a trade under the Program is  
11          delayed, the Secretary shall provide to such seller  
12          the amount otherwise determined under this sub-  
13          section plus interest at the overpayment rate estab-  
14          lished under section 6621 of the Internal Revenue  
15          Code of 1986.

16          (e) INITIATION OF TRADE.—An eligible individual  
17          and the seller of an eligible new automobile initiate a trade  
18          under the Program for such eligible new automobile with  
19          an eligible old automobile of such individual if—

20                 (1) the eligible individual, or the eligible individ-  
21                 ual’s designee, drives such old automobile to the lo-  
22                 cation of such seller;

23                 (2) the eligible individual provides to the sell-  
24                 er—

25                         (A) such old automobile; and

1 (B) an amount (if any) equal to the dif-  
2 ference between—

3 (i) the purchase price of such new  
4 automobile; and

5 (ii) the amount the Secretary is re-  
6 quired to provide to the seller under sub-  
7 section (d); and

8 (3) the eligible individual and the seller notify  
9 the Secretary of such trade at such time and in such  
10 manner as the Secretary considers appropriate.

11 (f) DISPOSAL OF ELIGIBLE OLD AUTOMOBILES.—

12 (1) IN GENERAL.—A seller who receives an eli-  
13 gible old automobile in exchange for an eligible new  
14 automobile under the Program shall deliver such old  
15 automobile to an appropriate location for proper de-  
16 struction and disposal as determined by the Sec-  
17 retary.

18 (2) COMPENSATION.—The Secretary shall com-  
19 pensate a seller described in paragraph (1) for costs  
20 incurred by such seller under such paragraph in  
21 such amounts or at such rates as the Secretary con-  
22 siders appropriate.

23 (g) REGULATIONS.—

1           (1) IN GENERAL.—Not later than 30 days after  
2 the date of the enactment of this Act, the Secretary  
3 shall prescribe rules to carry out the Program.

4           (2) EXPEDITED PROCEDURES FOR RULE-  
5 MAKING.—The provisions of chapter 5 of title 5,  
6 United States Code, shall not apply to regulations  
7 prescribed under paragraph (1).

8 (h) DIRECT SPENDING AUTHORITY.—

9           (1) IN GENERAL.—There is authorized to be  
10 appropriated and is appropriated to the Secretary  
11 such sums as may be necessary to carry out the Pro-  
12 gram.

13           (2) EMERGENCY DESIGNATION.—Amounts ap-  
14 propriated pursuant to paragraph (1) are designated  
15 as an emergency requirement and necessary to meet  
16 emergency needs pursuant to section 204(a) of S.  
17 Con. Res. 21 (110th Congress) and section  
18 301(b)(2) of S. Con. Res. 70 (110th Congress), the  
19 concurrent resolutions on the budget for fiscal years  
20 2008 and 2009.

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