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## 'Cash-for-Clunkers' Bill Passes in Bid To Revive Car Sales

Trade-In Plan Set for Obama's Signature

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The Senate approved a \$1 billion program yesterday to give vouchers to consumers who trade in their gas-guzzling clunkers for more fuel-efficient models -- a move that dealers hope will revive slumping auto sales.

Congressional leaders attached the legislation to a \$106 billion spending bill to fund troops in Iraq and Afghanistan. The spending bill passed by a 91 to 5 vote but not before some Republican lawmakers unsuccessfully sought to strip the measure from the bill.

"Let's not add a billion dollars of unnecessary debt," said Sen. Judd Gregg (R-N.H.) during the Senate floor debate.

Dealers, unions, trade groups and automakers have been lobbying for months for the legislation in hopes that it would stop the streak of dismal U.S. auto sales.

"The simple fact is that we need to get Americans into car showrooms, and this is the bill that will do it," Rep. Candice S. Miller (R-Mich.), a co-sponsor of the legislation, said in a statement.

The auto sales program, which offers vouchers of up to \$4,500, now moves to the White House for the president's signature. President Obama has repeatedly encouraged Congress to pass a so-called cash-for-clunkers bill.

Consumers would be able to start using the vouchers as soon as the National Highway Traffic Safety Administration finalizes the rules -- a process that must conclude within 30 days of the president's approval.

Under the program, trade-in vehicles, 1984 models or newer, must have average fuel economy of no more than 18 miles per gallon. And the new car or truck must get better gas mileage than the one that was scrapped.

The payoff grows depending on the difference in the fuel efficiencies of the old and new cars. For instance, a new car getting at least 4 more miles per gallon than the old car will be eligible for a \$3,500 voucher. A new car getting at least 10 more miles per gallon would get a \$4,500 voucher.

To guarantee vehicles are actually roadworthy -- and not just sitting on cinder blocks -- trade-ins must be registered and insured to the same owner for at least a year.

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Speaking on the Senate floor, Sen. Carl M. Levin (D-Mich.) said the program "will provide a much-needed boost to the automobile industry."

The legislation's funding would last through the end of the fiscal year, Nov. 1. But some lawmakers are already pushing to expand the program.

Several other countries, such as China and Italy, have offered similar trade-in vouchers. And lawmakers point to the success of Germany's program as indication that vouchers can turn dismal auto sales around.

At the end of the program's first month, sales in Germany were up 21 percent from a year before. During the same period, U.S. sales slumped 41 percent.

Dealers applauded the Senate's action yesterday, and some got additional good news. GM said it had decided to keep 60 of the more than 1,000 dealers with whom it had sought to terminate agreements. The reversals were made after the automaker corrected financial information that was used to evaluate which stores to keep.

The company, which is operating under bankruptcy protection, declined to name the individual dealers.

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