

CASH-FOR-CLUNKERS PROGRAM

The cash-for-clunkers program will give consumers a \$3,500 or \$4,500 rebate if they scrap older, less fuel-efficient vehicles, and purchase new, higher-mpg vehicles. This will help to reduce oil consumption and greenhouse gas emissions. It will also provide an immediate boost to auto sales, thereby helping dealers, suppliers and manufacturers and their workers.

1. Duration of Program: The program will be effective immediately upon enactment of the legislation (it is expected to be signed into law in the next few days). However, it will probably take the U.S. Department of Transportation 30 days to issue the procedures for implementing the program. The program has been authorized to last for one year. However, Congress only provided sufficient funds to last through Sept. 30, 2009; it will have to come back and provide the additional funding to continue the program for the rest of the year.

2. Trade-In Vehicles: Must be in drivable condition; continuously insured and registered to the same owner for at least one year; have a combined city/highway fuel economy value of 18 mpg or less (except for work trucks, which must simply be pre-2002, regardless of their mpg); and not be more than 25 years old.

3. New Vehicles: Must have a manufacturer's suggested retail price of less than \$45,000.

A). **Passenger Cars:** Must have a combined city/highway mpg value of at least 22 mpg. If the mileage of the new car is at least four mpg higher than the old vehicle, the voucher will be worth \$3,500. If the mileage of the new car is at least 10 mpg higher than the old vehicle, the voucher will be worth \$4,500.

B). **Small Trucks and SUVs:** Must have a combined city/highway mpg value of at least 18 mpg. If the mileage of the new truck or SUV is at least two mpg higher than the old vehicle, the voucher will be worth \$3,500. If the mileage of the new truck or SUV is at least five mpg higher than the old vehicle, the voucher will be worth \$4,500.

C). **Large Light-Duty Trucks:** Applies to pickups and vans weighing between 6,000 and 8,500 pounds. Must have a combined city/highway mpg value of at least 15 mpg. If the mileage of the new truck is at least 1 mpg higher than the old truck, the voucher will be worth \$3,500. If the mileage of the new truck is at least 2 mpg higher than the old truck, the voucher will be worth \$4,500.

D). **Work Trucks:** Applies to a pickup-up truck or cargo van weighing from 8,500 to 10,000 pounds. No mpg requirement for the trade-in or new vehicle. But the trade-in must be a pre-2002 work truck. The voucher for the

new vehicle is worth \$3,500. However, only 7.5 percent of the total funds in the program can be used for vouchers for the purchase of a work truck. Consumers can also "trade-down," receiving a \$3,500 voucher for trading in an older work truck and purchasing a pick-up or van weighing between 6,000 and 8,500 lbs.

4. MPG Values: The mpg values are combined city/highway fuel economy as posted on the window sticker of new vehicles, and can be found at fueleconomy.gov.

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