Senate Considers $2B 'Clunkers' Refill

Ken Thomas & Laurie Kellman, Associated Press Writers

WASHINGTON (AP) — The Senate is poised to add $2 billion to the popular "cash-for-clunkers" program after lawmakers agreed to vote on the government car incentives and give shoppers until Labor Day to visit their local dealerships and make a deal.

Administration officials have estimated the tripling of the $1 billion program could fund an additional 500,000 new car sales, giving automakers a late summer boost after months of ragged sales. The Obama administration has said the program would go broke by Friday without congressional approval of the extension.

Wrapping up lengthy talks, Senate Majority Leader Harry Reid said Democrats and Republicans had agreed to vote on the plan Thursday while considering a series of potential changes to the bill, which was passed by the House last week. Senate passage would send the legislation to the White House for President Barack Obama's signature and assure consumers there will be no interruption in the program that has led to packed car dealerships nationwide.

Reid has said Democrats have enough votes to approve the measure and beat back any changes that would lead to an interruption in the rebates of $3,500 or $4,500 for trading in gas-guzzlers for new, higher-mileage models. The agreement "accomplishes what we need to accomplish," Reid said.

"There's a significant majority that want to move forward with this legislation," said Reid, D-Nev.

None of the proposed amendments was expected to pass. They included placing an income limit on those benefiting from the vouchers, terminating the Troubled Asset Relief Program and requiring the government to sell off its shares in Michigan automakers General Motors Co. and Chrysler Group LLC.

Any Senate changes to the bill would require another vote in the House, something that couldn't take place until the House returns in September from a monthlong recess. The Senate is taking its break following votes on the car incentives and the confirmation of Supreme Court nominee Sonia Sotomayor.

Republican opponents have conceded they are unable to force all of the changes they want or to block the House version of the bill.

"My guess is, at the end of the day, it will pass," said Sen. John Thune, R-S.D., who called it an example of "Congress choosing winners and losers among industries."

Democratic Sen. Tom Harkin of Iowa has also voiced concern, arguing it does little to help working families. Harkin wants the vouchers limited to individuals earning

less than $50,000 a year or joint filers earning less than $75,000.

The government said Wednesday that more than $775 million of the $1 billion fund had been spent, accounting for nearly 185,000 new vehicles sold. Administration officials estimate the extra funding will last into Labor Day.

Car companies credit the clunkers program with driving up sales. Most consumers are buying smaller, more fuel-efficient vehicles through the program, according to a list of the top-10 selling cars released by the government.

Among manufacturers, General Motors Co. had the largest share, accounting for 18.7 percent of new sales; followed by Toyota Motor Corp., with 17.9 percent; and Ford Motor Co., with 16 percent. Detroit automakers represented 45.3 percent of the total sales while Japan's Toyota, Honda Motor Co. and Nissan Motor Co. accounted for 36.5 percent.

The Toyota Corolla is the top-selling vehicle on the list, followed by the Ford Focus, Honda Civic, Toyota Prius and the Toyota Camry. There is one SUV on the list, the Ford Escape, which also comes in a hybrid model that can get up to 32 miles per gallon. Six of the top-10 selling vehicles are built by foreign manufacturers, but most are built in North America.

The prospect of extending the clunker program is causing automakers to rethink their production schedules and perhaps bring back laid-off workers.

GM's manufacturing team was working on a production increase Thursday morning, Tom Stephens, vice chairman of product development, said in an interview.

GM has had spot shortages of compact and midsize cars, which have been popular with people trading in clunkers, Stephens said. The company also reported an increase in sales of the Chevrolet HHR small sport utility.

"Consumer confidence is really what you need here," Stephens said. "It's hard for them if they don't know if they have a job or a for-sure paycheck to go out and make a major purchase, so I think this is kind of jump-starting some things."

Hyundai Motor Co. already has added a day of production at its Montgomery, Ala., factory, while Ford Motor Co. is considering a production increase.

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