

Coburn Amendment 3007 - To repeal the Advanced Technology Vehicles Manufacturing Incentive Program.

This amendment would repeal Section 136 of the Energy Independence and Security Act of 2007, which created the Advanced Technology Vehicle Manufacturing (ATVM) Program.

According to the U.S. Department of Energy (DOE), who oversees the program, the purpose of the ATVM program is to provide “direct loans to support the development of advanced technology vehicles and associated components in the United States.”¹

The program was authorized to provide up to \$25 billion in loan authority in order to achieve the goal of a more fuel-efficient passenger vehicle fleet in the United States; in Fiscal Year 2009, the Department of Energy was appropriated \$7.5 billion for ATVM loan purposes.

According to the Government Accountability Office (GAO), DOE has used \$3.3 billion of these funds to cover costs for five loans; the remaining \$4.2 billion remains unexpended.² **GAO reported in March 2013 that the Department was not actively considering any applications on which to expend the remaining \$4.2 billion** in credit subsidy appropriations or the \$16.6 billion in loan authority still available under the ATVM authorization. In fact, the most recent loan provided by the program was closed two years earlier, in March 2011.

Congress should rescind the remaining \$4.2 billion in credit subsidy appropriations and eliminate the program’s authorization. In the five years since its enactment, there has been a demonstrated lack of demand, for three reasons. First, in order for companies to qualify for the loan, they must be financially viable without the receipt of further federal funding. This has narrowed the list of potential candidates to a limited few.

Beyond the lack of eligible companies, another issue arises: companies are unwilling to engage with DOE and be subject to the lengthy process by which they could qualify for loan assistance. Most applicants and manufacturers who were interviewed by GAO cited lengthy and burdensome application and review processes or restrictive loan and reporting requirements as challenges.

Since the report was published by GAO in March 2013, the DOE has received only one additional application, seeking a loan of \$200 million. However, according to DOE officials the applicant remained in the initial phase of the process in February, 2014, nearly 8 months after its application was received.³

In addition, most applicants and manufacturers noted that problems with the Solyndra default and other DOE programs have tarnished the ATVM loan program. According to these

¹ <http://energy.gov/lpo/services/atvm-loan-program>

² GAO-14-343SP: Advanced Technology Vehicles Manufacturing Loan Program. March 2013. <http://www.gao.gov/products/GAO-14-343SP#mt=e-report>

³ *Id.*, at 109

applicants and manufacturers, the negative publicity makes DOE more risk-averse or makes companies wary of being associated with government support.⁴

The unused, and apparently unwanted, funds appropriated to ATVM can and should be immediately rescinded, and this amendment would do just that. It would repeal the program's authorization, and immediately rescind all unobligated funds at the time of enactment.

⁴ GAO-11-145: Advanced Technology Vehicle Loan Program Implementation Is Under Way, but Enhanced Technical Oversight and Performance Measures Are Needed. March 30, 2011. <http://www.gao.gov/products/GAO-11-145>