



The Committee on Energy and Commerce

Internal Memorandum

May 31, 2012

To: Members of the Subcommittee on Commerce, Manufacturing, and Trade

From: Majority Committee Staff

Re: Hearing on "H.R. 5865, the American Manufacturing Competitiveness Act of 2012", and H.R. 5859, a bill to repeal an obsolete provision in title 49, United States Code, requiring motor vehicle insurance cost reporting

On Friday, June 1, 2012, the Subcommittee on Commerce, Manufacturing, and Trade will convene, at 9:30 a.m. in room 2123 of the Rayburn House Office Building, for a hearing on H.R. 5865, the "American Manufacturing Competitiveness Act of 2012", and H.R. 5859, a bill to repeal an obsolete provision and its implementing regulations in title 49, United States Code, requiring motor vehicle insurance cost reporting. Witnesses are by invitation only.

I. Witnesses

Panel I

The Honorable Daniel Lipinski
Member of Congress

The Honorable Mike Kelly
Member of Congress

Panel II

Mr. Zachary Mottl
Director of Development
Atlas Tool & Die Works

Mr. Mark Gordon
Executive Committee Member, Manufacturing Division
National Defense Industry Association

Mr. Phillip Singerman, Ph.D
Associate Director for Innovation and Industry Services
National Institute of Standards and Technology
U.S. Department of Commerce

Ms. Deborah Wince-Smith
President and CEO
Council on Competitiveness

Panel III

The Honorable Joan Claybrook
President Emeritus of Public Citizen
Former NHTSA Administrator

Mr. Jack Fitzgerald
Owner
Fitzgerald Auto Mall

II. H.R. 5865, the “American Manufacturing Competitiveness Act of 2012”

Background

As the Subcommittee has learned through its series of hearings on jobs and ways to improve the environment for growth – most recently at its April 19, 2012, hearing on manufacturing – for the first time in history, in 2009, the number of unemployed Americans exceeded the number of Americans employed in the manufacturing sector, a condition that remains true in 2012.¹ While manufacturing jobs account for just a tenth of the nation’s jobs, the manufacturing sector suffered a third of the Nation’s job losses.² There has been a growing consensus to direct Federal attention on the manufacturing sector because, according to a 2009 report by the National Association of Manufacturers (NAM), manufacturing supports nearly one in six jobs – jobs that, on average, pay over \$75,000 with benefits.³ Further, manufacturing jobs have the highest multiplier in the economy: every \$1 in direct spending produces \$1.35 in additional indirect output. Conversely, each manufacturing job lost results in the loss of another 2.3 other jobs.⁴

In furtherance of its examination, the Subcommittee will consider legislation developed by Reps. Lipinski and Kinzinger to focus Federal attention on improving conditions for manufacturing in the United States.

¹ See Information Technology & Innovation Foundation, *Worse Than the Great Depression: What the Experts Are Missing About American Manufacturing Decline* (Mar. 2012) <<http://www2.itif.org/2012-american-manufacturing-decline.pdf>>. See also Bureau of Labor Statistics, *Labor Force Statistics from the Current Population Survey. 1. Employment status of the civilian non-institutional population, 1941 to date* (visited April 16, 2012) <<http://www.bls.gov/cps/cpsaat01.htm>>; Bureau of Labor Statistics, *Employment, Hours, and Earnings from the Current Employment Statistics survey (National)* (visited Apr. 16, 2012) <http://data.bls.gov/timeseries/CES3000000001?data_tool=XGtable>. In 2008, unemployed Americans totaled 8.9 million while the manufacturing sector employed 13.7 million Americans. In 2009, the number of unemployed rose to 14.3 million while the number of manufacturing employees fell to 12.6 million. As of March 2012, those numbers changed to 12.7 million and 11.9 million, respectively.

² *Id.*

³ See *id.*

⁴ See Information Technology & Innovation Foundation, *Worse Than the Great Depression: What the Experts Are Missing About American Manufacturing Decline* (March 2012) <<http://www2.itif.org/2012-american-manufacturing-decline.pdf>>.

Summary

The American Manufacturing Competitiveness Act of 2012 will result in two Presidential reports to Congress outlining a strategy for promoting growth, sustainability and competitiveness in the manufacturing sector. The reports are due in April 2014 and in 2018.

The Act establishes the American Manufacturing Competitiveness Board consisting of 15 Members, five from the public sector (including two Governors) and ten from the private sector. The five public appointments are made by the President, while the ten private-sector members are appointed by the House and Senate. The Board would be co-chaired by the Secretary of Commerce and one of the private-sector members.

The duties of the Board are to: (1) advise the President and Congress on manufacturing issues; (2) conduct a rigorous analysis of the manufacturing sector; and (3) develop a national competitiveness strategy, which would be made available for public comment and submitted to the President. The comprehensive analysis will address a number of enumerated factors. The Board then will develop and publish for public comment a draft manufacturing strategy based on its analysis and any other information the Board determines is appropriate. The competitiveness strategy will include short-term and long-term goals for improving the competitiveness of the U.S. manufacturing environment, and recommendations for action.

To avoid duplication of efforts and gain perspective, the Board must consult on manufacturing issues with the Defense Science Board, the President's Council of Advisors on Science and Technology, the Manufacturing Council established by the Department of Commerce, and the Labor Advisory Committee for Trade Negotiations and Trade Policy, and may consult with any other relevant governmental entities or the private sector.

The final report will be published on a public website and sent to the President for review and revision before it is sent to Congress. The Board terminates 60 days after it completes its assigned work (approximately 12 months or less). The President also will be required to include in each fiscal year's budget request information regarding the consistency of the budget with the goals and recommendations included in the national manufacturing strategy. That requirement sunsets after fiscal year 2020.

III. H.R. 5859, a bill to repeal an obsolete provision and its implementing regulations in title 49, United States Code, requiring motor vehicle insurance cost reporting

Background

The 1972 Motor Vehicle Information and Cost Savings Act directed the National Highway Traffic Safety Administration (NHTSA) to promulgate regulations requiring new car dealers to give prospective buyers information comparing insurance rates for different makes and models of passenger motor vehicles based on their differences in crashworthiness and damage susceptibility. NHTSA issued a final rule on April 5, 1993. It required new car dealers to make

available to buyers a booklet containing the latest information on insurance costs. The information is updated by NHTSA annually based on data from the Highway Loss Data Institute.

The information required by the regulation is rarely sought by consumers and its value is highly questionable. Insurance premiums are based primarily on factors that are unrelated to a vehicle's damage susceptibility, including the driver's age, driving record, location, and miles driven. Additionally, a recent survey of 815 members of the National Automobile Dealers Association reported 96 percent of its dealers had never been asked by a customer to see the insurance cost booklet that is at issue here.

Consistent with the goals of Executive Order 13563 to identify the least burdensome tools to achieve regulatory ends and to consider the costs and benefits of regulations, Reps. Harper and Owens developed H.R. 5859, a bill to repeal an obsolete provision in Title 49 requiring motor vehicle insurance cost reporting.

Summary

H.R. 5859, repeals 49 U.S.C. 32302(c) and its implementing regulations.

Please contact Brian McCullough, Gib Mullan, or Shannon (Weinberg) Taylor of the Committee staff at (202) 225-2927 with questions.