RPTS MCKENZIE

DCMN SECKMAN

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MARKUP OF H.R. 5865, THE NATIONAL MANUFACTURING COMPETITIVENESS ACT OF 2012; AND

H.R. 5859, A BILL TO REPEAL AN OBSOLETE PROVISION OF TITLE 49

WEDNESDAY, JUNE 6, 2012

House of Representatives,

Subcommittee on Commerce,

Manufacturing and Trade,

Committee on Energy and Commerce,

Washington, D.C.

The subcommittee met, pursuant to call, at 3:35 p.m., in Room 2123, Rayburn House Office Building, Hon. Mary Bono Mack [chairwoman of the subcommittee] presiding.

Present: Representatives Bono Mack, Stearns, Harper, Olson, Kinzinger, Barton, Butterfield, Schakowsky, and Waxman (ex officio).

Staff Present: Paige Anderson, CMT Coordinator; Mike Bloomquist,

General Counsel; Kirby Howard, Legislative Clerk; Brian McCullough, Sr. Professional Staff Member, CMT; Gib Mullan, Chief Counsel, CMT; Katie Novaria, Legislative Clerk; Andrew Powaleny, Deputy Press Secretary; Shannon Weinberg, Counsel, CMT; Michelle Ash, Minority Chief Counsel, Commerce, Manufacturing and Trade; Jen Berenholz, Minority Chief Clerk; Elizabeth Letter, Minority Assistant Press Secretary; Felipe Mendoza, Minority Senior counsel; Roger Sherman, Minority Chief Counsel; and Will Wallace, Minority Policy Analyst.

Mrs. Bono Mack. The subcommittee will come to order.

The chair recognizes herself for 5 minutes.

Following 40 straight months of unemployment above 8 percent, the longest such stretch since the Great Depression, we need a new vision and strategy for creating jobs in America.

Today nearly 23 million people around the United States are unemployed, underemployed, or have quit looking for work. When I became chairman of the subcommittee last year, one of my goals was to create new job opportunities by making "made in America" matter again. Now we have a chance for that to happen by developing a blueprint for manufacturing which focuses on competitiveness, long-term sustainability, and making certain the U.S. is a logical first choice when it comes to locating or expanding manufacturing.

For decades manufacturing served as the backbone of our economy only to go into a steep tailspin, losing nearly 6 million American jobs since 2001. Statistics show the manufacturing sector was the hardest hit in terms of job losses during the recession. While manufacturing accounts for just a 10th of our Nation's jobs, manufacturing suffered a third of our Nation's job losses.

We have a chance now to reverse this trend, and I again applaud the hard work of two of our Illinois colleagues, Mr. Kinzinger and Mr. Lipinski, in developing a bipartisan plan for improving manufacturing in the United States. Tomorrow we will begin considering their legislation. The American Manufacturing Competitiveness Act of 2012, also known as H.R. 5865, calls for two

Presidential reports outlining a strategy for promoting growth, sustainability, and competitiveness in the manufacturing sector. Their reports are due in 2014 and 2018.

The act establishes the American manufacturing competitiveness board consisting of 15 members, five from the public sector, including two Governors, and 10 from the private sector. The five public appointments are made by the President, while the 10 private sector members are appointed by the House and the 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 first to advise the President and ultimately Congress on manufacturing issues; second, conduct a rigorous analysis of the manufacturing sector; and third, develop a national competitiveness strategy, which would be made available for public comment and then submitted to the President.

The board will then develop and publish for a public comment a draft manufacturing strategy based on its analysis and any other information the board determines is appropriate. This strategy will include short-term and long-term goals for improving the competitiveness of the U.S. manufacturing as well as recommendations for action.

The second bill we will be considering, H.R. 5859, repeals an obsolete provision in the U.S. Code requiring motor vehicle insurance cost reporting. I also want to commend Mr. Harper of Mississippi and Mr. Owens of New York for their bipartisan work on this legislation. Here is the problem: In 1993, NHTSA issued a final rule requiring 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 this regulation is rarely sought by consumers, and its value is highly questionable. Insurance premiums are based primarily on factors that are unrelated to the susceptibility of damage to a vehicle, 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. Clearly, this is yet another example of where the cost of a Federal regulation outweighs its potential benefits.

As a Nation, we simply can't keep doing business this way. Both of the bills under consideration are positive economic steps and enjoy bipartisan support. As chairman of this subcommittee, I urge their passage.

I yield back my time.

And I recognize the ranking minority member, Mr. Butterfield, for his opening statement.

[The prepared statement of Mrs. Bono Mack follows:]

******** COMMITTEE INSERT ********

Mr. Butterfield. Thank you very much, Madam Chairman, for holding today's markup on the two bills on which we recently held a legislative hearing, H.R. 5865, the American Manufacturing Competitiveness Act, and H.R. 5859, dealing with motor vehicle insurance cost reporting.

The American Manufacturing Competitiveness Act, sponsored by my colleagues Mr. Lipinski and Mr. Kinzinger, seeks to establish a manufacturing competitiveness board comprised of the Secretary of Commerce, State Governors, and officials from the executive branch, in addition to 10 individuals coming from the private sector. The board would be responsible for conducting a thorough analysis of the U.S. manufacturing industry and publish a national manufacturing strategy aimed at bolstering and growing the industry.

In my home State of North Carolina, we know all too well about the loss of manufacturing jobs in our State. Furniture and textile manufacturing has taken a serious hit over the last few decades. And I would like nothing more than to see those jobs, good paying and high quality jobs returned to the community.

When passed, the American Manufacturing Competitiveness Act promises jump-start efforts to grow manufacturing in the U.S. I am supportive of this concept and will support the bill.

The second legislative item we will consider today is H.R. 5859 that deals with a requirement that car dealers make available to prospective buyers information that compares insurance costs for different vehicles based on damage susceptibility. It was first

codified in 1972 with the goal of educating prospective car buyers about the repair costs associated with low-speed collisions. While the information is useful, and it is available to anyone interested it must be requested by the customer.

Not many people know that this information is even available at no cost. However, that doesn't negate that the information may be extremely helpful to a consumer when shopping for a car. Accidents suggest that. And unfortunately, they happen with some frequency. Therefore, it would be helpful if consumers could predict repair costs up front.

Buying a car is often the second most expensive purchase for an American consumer behind their home. Instead of throwing the baby out with the bath water, I hope we are able to work together to ensure that consumers are able to glean the greatest amount of information about a car, its anticipated damage susceptibility, and repair costs prior to making the purchase.

Tomorrow I plan to offer an amendment to do just that, require NHTSA to go back to the drawing board and figure out what is the best information and what is the best means of disseminating that information. I look forward to having bipartisan support on the amendment.

Again, Madam Chairman, I thank you very much, and I yield back.

[The prepared statement of Mr. Butterfield follows:]

******** COMMITTEE INSERT ********

Mrs. Bono Mack. The gentleman yields back.

And the chair reminds members that pursuant to the committee rules, all members' opening statements will be made part of the record.

Are there further opening statements?

The chair recognizes Mr. Stearns for 3 minutes.

Mr. Stearns. Thank you, Madam Chair. According to the National Association of Manufacturers, for every $1 invested in manufacturing jobs, $1.35 in additional indirect output goes to our economy. Conversely, each manufacturing job lost equates to 2.3 job losses in other jobs.

Since 2009, the number of unemployed Americans exceeded the number of Americans employed in the manufacturing sector. And over the last decade, we have lost one-third of all manufacturing jobs in America. Through a series of hearings we have had in this committee, it is prevalent that a focus on our manufacturing sector will certainly help stabilize our economy and could prove to be a major driver in job creation in this country. Therefore, it is vital in the interest of our economy that a blueprint of how to achieve this goal is considered and implemented.

There is good news to keep us on track to bring Americans back to the forefront in manufacturing competitiveness. The U.S. Department of Commerce testified last week at the legislative hearing on this bill that the United States achieved an all-time record of exporting nearly $1.3 trillion in manufactured goods and created nearly a half a million jobs over the last 2 years.

The committee markup of these bills, H.R. 5865 and H.R. 5859, are both welcome to our economy and are important. The Manufacturing Competitiveness Act is a strategy that encourages the American Government to work smarter, not necessarily harder. Specifically, it reduces redundancy in our efforts by identifying recommendations already given that have yet to be enacted. This bill also supports an environment that coordinates policies among agencies and departments involved in manufacturing.

H.R. 5859 repeals a provision that, according to the National Automobile Dealers Association, 96 percent of its dealers have never been asked to utilize the insurance costs booklet. The bill's intent is consistent with the goals of Executive Order 13563, which is simply to identify the least burdensome tools to achieve regulatory ends and to consider the cost and benefits of these regulations.

I want to thank my colleagues for their hard work on these two bills and also Madam Chairman for the ability for us to mark up both of these billings. Thank you.

[The prepared statement of Mr. Stearns follows:]

******** COMMITTEE INSERT ********

Mrs. Bono Mack. The gentleman yields back.

The chair recognizes Mr. Waxman for 5 minutes.

Mr. Waxman. Thank you very much, Madam Chair.

Today the subcommittee will consider two bills. The first bill up today is Mr. Lipinski's H.R. 5865, the American Manufacturing Competitiveness Act of 2012. The purpose of this bill is to require whoever may be serving in the Office of the President in each of the next 2 terms to develop a comprehensive manufacturing strategy for this country.

And I commend Representative Lipinski on his continued effort to shine a light on this important industrial sector, and I support this measure.

America needs a strong manufacturing sector. This sector has long been a source of good-paying jobs with good benefits and a key building block for a strong and stable middle class in this country. Manufacturing is important to make sure we remain a Nation of big ideas and big innovations. And it is important to our overall society. This is something that we all recognize. It is something that President Obama and his administration also recognize both within the White House and the Department of Commerce.

The administration has a number of initiatives underway to bolster manufacturing. Congress has also recently done some work in this area by calling on the Commerce Department to update its 2004 manufacturing strategy report to create a task force on manufacturing growth and to establish an economic security commission to advise

Congress and the President on long-term competitive challenges for the manufacturing sector.

I want to thank the chairman and the ranking member for working with us to improve the bill. Tomorrow I expect the chairman to call up a bipartisan amendment in the nature of a substitute that helps ensure balanced recommendations and works to reduce duplication with other governmental initiatives on manufacturing.

And I also want to express my appreciation to the gentleman from Illinois, Mr. Kinzinger, for his very active work on this legislation, and I commend him for it.

Today we are also considering H.R. 5859, a bill to repeal a little known provision enacted in 1972 to inform consumers about the costs associated with repairing damage to vehicles involved in minor collisions. This is not about crash-worthiness. This is not about passenger safety. This is about low-speed collisions where cars sustain expensive damage. Cars that are easily damaged are more likely to have higher insurance costs.

The purpose of the provision that H.R. 5859 would repeal is to give consumers a basis for comparing damageability risk at the point of sale. It was also intended to create an incentive for manufacturers to produce cars which are more resistant to damage and less expensive to repair and service.

Questions have been raised about the utility of the cost-comparison data as currently presented by NHTSA. It appears that few consumers even know to ask dealers for copies of the cost

comparison. I agree that this is a signal that the current law is not working as intended.

Madam Chair, I am not opposed to ending the current mandate that dealers make pamphlets available to consumers, but I don't think we should repeal this mandate without putting in place a better way for consumers to get the information. And I hope we can work together on this issue so we can report a bill that removes the burden from dealers but doesn't leave consumers in the dark.

I yield back my time.

[The prepared statement of Mr. Waxman follows:]

******** COMMITTEE INSERT ********

Mrs. Bono Mack. I thank the gentleman.

The chair now recognizes Mr. Harper for 3 minutes.

Mr. Harper. Thank you, Madam Chair.

I am proud to be the lead sponsor of H.R. 5859, a 1-page bipartisan bill which repeals an obsolete mandate that the National Highway Traffic Safety Administration has said is rarely used and not helpful.

Since 1991, the Department of Transportation has annually distributed by mail a document entitled "relative collision insurance cost information." This information is sent by mail to new vehicle dealers who are required to make the information available to prospective new vehicle customers upon request. NHTSA has spent hundreds of thousands of dollars distributing this booklet over the past 21 years. While this information is of value to insurance actuaries, it has been of little to no use for consumers for what it was primarily intended.

Insurance premiums are set through numerous factors that take into account driver characteristics, such as age, gender, marital status, and driving record. The geographic area where the vehicle will be driven and how the vehicle will be used is also considered. No brochure produced annually by the Federal Government can accurately gauge a prospective new car owner's insurance premium cost.

A recent survey by the National Automobile Dealers Association confirmed what was expected: Out of 800 new car dealers polled, an overwhelming 96 percent of the dealers answered that not a single customer has ever asked to see the booklet. I would like to make note

that if this regulation is repealed, the data will still be compiled and NHTSA will still have the discretion to provide this information to consumers on their Web site.

Last week, during a legislative hearing on H.R. 5859, we heard from witnesses like Jack Fitzgerald and Congressman Mike Kelly, who have been in the car business all of their lives. Neither they nor their employees had ever been asked for a copy of this booklet. When customers come into a dealership and ask what their insurance premium will be, they agreed that the best way to get an accurate quote is for them simply to contact their insurance agent.

This simple and bipartisan bill, if passed, would show that Congress is serious about efforts to alleviate burdensome and unneeded regulations on businesses across the country. The President states that it is a priority of his administration to identify and eliminate costly, outdated, and unneeded regulations. I say Congress should lead now with H.R. 5859.

I would like to thank the chairwoman and this subcommittee for moving H.R. 5859. I would also like to thank Congressman Bill Owens from New York for his hard work and leadership on this legislation.

And with, that I yield back.

[The prepared statement of Mr. Harper follows:]

******** COMMITTEE INSERT ********

Mrs. Bono Mack. Thank you very much.

The chair now recognizes Mr. Olson for 3 minutes.

Mr. Olson. I thank the chair for holding this markup and also my colleagues for their leadership on this issue.

Houston, Texas, is home to over 5,000 factories and plants that employ over 200,000 people. We have a large and vibrant manufacturing sector that makes up an important part of our economy.

H.R. 5865, the American Manufacturing Competitiveness Act introduced by Mr. Lipinski and Mr. Kinzinger will help identify obstacles weighing the manufacturing sector down. And I am pleased to support it.

I am also supportive of Mr. Harper's bill, H.R. 5859, which repeals an obsolete provision that requires auto dealers to provide consumer insurance rate comparisons of different vehicles based on their crash-worthiness. This mandate costs hundreds of thousands of dollars for NHTSA the National Highway Traffic Safety Administration to make and distribute these booklets. Neither my wife nor I have ever asked to see this booklets. We didn't know they existed, and we have shopped many times for a car.

A survey report says that 96 percent of dealers have never been asked to see this data. I urge my colleagues to join me in supporting the repeal of this requirement to end an outdated and unnecessary mandate. The red tape must continue to be cut across government. I yield back.

[The prepared statement of Mr. Olson follows:]

******** COMMITTEE INSERT ********

Mrs. Bono Mack. I thank the gentleman.

The chair recognizes Ms. Schakowsky for 3 minutes.

Ms. Schakowsky. Thank you, Madam Chairman.

I am glad the subcommittee is holding this markup of the National Manufacturing Competitiveness Act. Building our manufacturing sector has been a major focus of this administration, and the President's team has already started much of the work that this piece of legislation calls for. This Congress' support of that effort is critical. And I support the substitute amendment that I think will improve the bill before us.

The other bill we are considering is H.R. 5859, which would repeal a requirement that dealers make available to consumers information about insurance costs for cars at the point of sale. I don't support H.R. 5859. Its proponents argue that because consumers don't request the information, then there is no need to make it available. The consumers can't request information that they don't know exists. As I said in a hearing on the bill, we should not be in the habit of eliminating access to information because we do a bad job of publicizing it.

I am glad that this requirement was brought to our attention, but instead of eliminating it, I think it deserves further scrutiny. Is the insurance cost information for damageability the most useful information for consumers? Is there other information that could be more helpful? What is the best format for reaching consumers at the point of sale? I think all of those questions should be examined before

hastily repealing a requirement that provides consumers with information that could be very helpful to them. At a minimum, I hope my colleagues will support the Butterfield amendment which asks NHTSA to review those very questions and figure out how it can best serve consumers who are buying cars. I yield back the balance of my time.

[The prepared statement of Ms. Schakowsky follows:]

******** COMMITTEE INSERT ********

Mrs. Bono Mack. I thank the gentlelady.

And the chair recognizes Mr. Barton for 5 minutes.

Mr. Barton. Thank you, Madam Chairwoman.

Today is the 68th anniversary of D-Day.

On this day in 1944, Allied Forces began the invasion to retake Europe from Nazi Germany. If it hadn't been for the robust manufacturing economy in existence in the United States at that time, that invasion would not have been possible and the world as we know it today would be a very different place indeed. So I think it is fitting that we are having opening statements on H.R. 5865, the bill that has been offered by Mr. Kinzinger. It seeks to expand this country's manufacturing capabilities, not to constrain them. We need to be searching for new and innovative manufacturing ideas that increase efficiency and allow us to make more "made in the USA" products.

Madam Chairwoman, I stand in strong support of H.R. 5865.

And I am also in support of H.R. 5859, the bill that would repeal an obsolete provision of Title 49.

With that, I look forward to the markup tomorrow. I yield back.

[The prepared statement of Mr. Barton follows:]

******** COMMITTEE INSERT ********

Mrs. Bono Mack. I thank the chairman emeritus and also as the daughter of a B-17 waste gunner in World War II, I appreciate the mention of D-Day today.

The chair recognizes Mr. Kinzinger for 3 minutes.

Mr. Kinzinger. Well, thank you, Chairman Bono Mack, for your swift action, frankly, in bringing the National Manufacturing Competitiveness Act of 2012 to markup. I want to thank my Illinois colleague Mr. Lipinski for his sponsorship of the legislation and his work on behalf of manufacturing and American competitiveness. And I also want to thank the countless number of staff who worked very hard to find the right bipartisan tone in this piece of legislation.

Tomorrow I will offer an amendment in the nature of a substitute that will incorporate these bipartisan changes that were made for members of this committee. I want to thank Mr. Butterfield and his staff, along with Mr. McKinley Mr. Guthrie and Mr. Pompeo, for the suggestions they have offered to make this bill even better.

In the last two decades, we have seen a steady decline in America's share of global manufacturing activity. This due in part to increased competitiveness from emerging economies. It is also the lack of a coherent policy that would foster a competitive environment for manufacturers. This bill would build a consensus between the executive and legislative branches in formulating policies that will create this competitive environment.

For the creation of the American Manufacturing Competitiveness Board, a manufacturing strategy will be developed for approval by the

President and by Congress. The board will consist of five members of the public sector and 10 members of the public sector, a very important piece of this. The Secretary of Commerce will co-chair the board along with a member of the private sector. The board will create a strategy to promote growth, sustainability, and competitiveness in the Nation's manufacturing sector to create well-paid, stable jobs, enable innovation and investment and, just as importantly, support national security.

The President will be required to submit the strategy to Congress no later than June 1 of the second year of the President's term, and the board will terminate 60 days after the strategy is submitted to Congress. This strategy will build upon the work of government and nongovernmental organizations to build consensus on actions that should be taken by the President and Congress to support manufacturing competitiveness in the United States. We are on the verge of a new manufacturing renaissance in this country. Let's ensure we are doing everything to maintain that throughout the 21st century. Again, I thank the chairman for bringing this up. And I yield back.

[The prepared statement of Mr. Kinzinger follows:]

******** COMMITTEE INSERT ********

Mrs. Bono Mack. I thank the gentleman. And thank him for his hard work in this and especially on the bipartisan product.

So the chair calls up H.R. 5865 and asks the clerk to report.

The Clerk. H.R. 5865, to promote the growth and competitiveness of American manufacturing.

Mrs. Bono Mack. Without objection, the first reading of the bill is dispensed with. And the bill will be open for amendment at any point.

So ordered.

[The information follows:]

******** INSERT 1-1 ********

Mrs. Bono Mack. For the information of members, we are now on H.R. 5865. The subcommittee will reconvene at 9:00 a.m. tomorrow morning. I remind members that the chair will give priority recognition to amendments offered on a bipartisan basis.

I look forward to seeing you, Mr. Butterfield, and all your staff and the excited crowd out there.

I look forward to seeing you all tomorrow morning. So, without objection, the subcommittee stands in recess.

[Whereupon, at 4:00 p.m., the subcommittee was adjourned until 9:00 am, Thursday, June 7, 2012.]