



**STATEMENT OF THE ALLIANCE OF AUTOMOBILE  
MANUFACTURERS  
BEFORE THE PENNSYLVANIA SENATE ENVIROMENT AND  
TRANSPORTATION COMMITTEE'S REGARDING SB 1025**

**December 13, 2005**

Thank you for the opportunity to testify before this joint committee in support of Senate Bill 1025. My name is Charles Territo and I am Director of Communications for the Alliance of Automobile Manufacturers, a trade association of nine car and light-truck manufacturers. Our member companies include BMW Group, DaimlerChrysler Corporation, Ford Motor Company, General Motors Corporation, Mazda, Mitsubishi, Porsche, Toyota Motor North America and Volkswagen of America. With me today to answer any questions you may have are James Ehlman, Manager of Vehicle Emissions, General Motors and Alliance Legal Counsel Jeff Clarke.

Alliance member companies have more than 600,000 employees in the United States, with more than 230 manufacturing facilities in 35 states. Overall, a University of Michigan study found that the entire automobile industry creates more than 6.6 million direct and spin-off jobs in all 50 states and produces almost \$243 billion in payroll compensation annually. In Pennsylvania, more than 220,000 jobs are dependent on the auto industry and those jobs contribute more than \$7.7 billion annually to Pennsylvania's economy.

I would like to begin by congratulating the Pennsylvania Department of Environmental Protection (DEP) for a job well done. Of the 37 "non-attainment" counties in the state, 31 are classified as "basic" by the US Environmental Protection Agency (EPA), meaning that they are on target to reach attainment status by 2009 with no additional control measures necessary. This dramatic improvement in air quality can be directly attributed to reduced vehicle emissions from light duty vehicles as well as emissions reductions from other industries.

The flexibility of the federal standards has allowed the state to implement emissions reductions strategies while minimizing the costs to consumers and the impact on the state's economy. If Pennsylvania adopted the California standards it would lose this flexibility and cede emissions regulating authority to California. Most Pennsylvanian's

would agree that decisions affecting them should be made in our Harrisburg, not Sacramento.

Today's vehicles are 99 percent cleaner for smog-forming emissions compared to pre-control levels. And, automakers continue working hard to develop automobiles that are cleaner and smarter than ever before. Automobile manufacturers invest billions of dollars in research and development every year, more than any other industry in the country.

In 1999, automakers worked together with the Clinton Administration and the states – including Pennsylvania -- to adopt the EPA's Tier II emissions standards—the most stringent federal emissions standards ever.

The Federal Tier II program reduces smog-forming emissions by 99% compared to pre-control levels. Under Tier II, light duty trucks including sport utility vehicles, pick-ups, vans and minivans must meet the same standards as passenger cars. Tier II standards must be met at high altitudes as well as at sea level. These changes have resulted in essentially the same air quality benefit as the California program. The difference between the Federal Tier II program and the California LEV II program is almost indistinguishable.

However, by adopting California's standards Pennsylvania will commit itself to implementing a vehicle emissions program that frequently changes course. In fact, since 1990, the California vehicle emission regulations have changed 49 times. Although it would be required to adopt and implement all future changes that California makes, Pennsylvania must adopt would have no say in how - or how often - these changes take place.

Tier II stands in stark contrast. By adhering to the federal requirements Pennsylvania would get the same air quality benefits. The Tier II program was designed with the input of all of the states and can be implemented without the staffing implications of a state-run program or the resource commitment needed to make frequent changes to Pennsylvania's motor vehicle regulations.

As you know, the proposed rules include California's new vehicle greenhouse gas program. The Alliance objects to the greenhouse gas regulations because they are a direct attempt to regulate fuel economy. Federal law is designed to ensure a consistent fuel economy program across the country. Federal law grants sole authority to the National Highway Traffic Safety Administration (NHTSA) to set a uniform, national fuel economy standard. Only a national standard that can flexibly accommodate the diverse needs and demands of the American public makes sense. Consumers would suffer higher prices and severely restricted choice of vehicles if each state were deciding for itself which new vehicles ought to be produced and sold.

Under these greenhouse gas regulations, all Pennsylvanians purchasing a new vehicle would pay significantly more than consumers in other states. When all costs are

considered, [this is too cryptic for the audience] Pennsylvanians could pay an average of \$3,000 more for a new automobile. Economic studies presented in the California rulemaking show that these costs would never be fully recouped through savings at the gas pump.

These studies also show that Pennsylvanian's could also expect to see fewer models on sales lots since currently very few vehicles would meet the regulation. It is quite possible that some models of vehicles would become rare or extinct. Consumers who rely on work vehicles, such as farmers, ranchers and trades people, could lose vehicle functions such as horsepower, towing ability or cargo room necessary to earn their livelihoods.

For these reasons, we support SB 1025 and oppose the adoption of California emissions standards. The regulations would have little, if any, impact on the quality of the air in Pennsylvania. Federal clean air regulations currently provide Pennsylvania with more flexibility than the California regulations, and in some cases more stringent emission requirements. Additionally, adoption of the California regulations comes with a hefty price tag

Once again, thank you for the opportunity to testify in support of this legislation. The industry believes that the constant evolution of technology and its introduction into the market will help us continue to produce ever cleaner, more fuel-efficient vehicles. Industry's aggressive investment in pursuit of hybrid, fuel cell, clean diesel, hydrogen internal combustion engines and other alternative fuels exemplifies automakers commitment to cleaner engine technologies.