

Congress of the United States
House of Representatives
Washington, DC 20515-5401

August 25, 2009

Ronald L. Medford
Acting Deputy Administrator
National Highway Traffic Safety Administration
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Dear Mr. Medford:

I write to express my concern over the delay in providing reimbursements to Puerto Rico car dealers participating in the Car Allowance Rebate System, commonly known as the “Cash for Clunkers” program. I realize that the National Highway Traffic Safety Administration (“NHTSA”) is being asked to process a significant number of rebates in a short period of time. Nonetheless, the delay in providing reimbursements is placing participating dealers in a financially precarious position, as they are forced to front thousands of dollars worth of rebates that they had provided to customers in expectation of being reimbursed by the federal government. I respectfully request that you expedite the process of reimbursing dealers for the rebates they provided under the program.

As you know, under the Cash for Clunkers program, which ended this past Monday, the NHTSA provided rebates in the amount of \$3,500 or \$4,500 to consumers who purchased a new fuel efficient vehicle and simultaneously traded in a less fuel efficient vehicle. During the transactions, dealers applied the rebate to the new vehicles’ purchase price in the expectation that they would be subsequently reimbursed by the government. Although dealers began submitting paperwork for these transactions nearly three weeks ago, I understand that very few, if any, have received the requested reimbursement from the government. Consequently, dealers are being forced to borrow funds to pay for the rebates they had provided to customers—funds which could otherwise be used to place their businesses on firmer financial footing.

The Cash for Clunkers program succeeded enormously at stimulating car sales and moved our nation’s economy one step forward in its recovery. Dealers were critical to the program’s success, and the federal government now needs to make good on its promise to them.

I look forward to your prompt response to this important issue.

Sincerely,



Pedro R. Pierluisi
Member of Congress