The original documents are located in Box 55, folder "9/13/76 HR8800 Electronic and Hybrid Vehicle Research Development and Demonstration Act of 1976 (vetoed) (1)" of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

VETOED 9/13/76 Returned to the House 9/13/76 - 3:45 pm

THE WHITE HOUSE

WASHINGTON

ACTION
Last Day: September 13

September 10, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM CANNON

SUBJECT: Enrolled Bill H.R. 8800 - Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976

This is to present for your action H.R. 8800, a bill which would establish within the Energy Research and Development Administration (ERDA) a two part program to develop and demonstrate electric and hybrid vehicles. The bill was sponsored by Rep. McCormack, (D) Washington, and 22 others.

BACKGROUND

In order to reduce dependence on oil, this bill seeks to prompt the development of electric and other type vehicles to replace today's gasoline driven vehicles. Specifically it would:

- Establish a five year, $160 million project within ERDA, consisting of the following two programs:
  - -- a program for research and development of electric hybrid vehicle technologies, and
  - -- a three stage demonstration program designed to show the commercial feasibility of electric and hybrid vehicles through the purchase and use of 7,500 vehicles;
- Authorize a $60 million loan guarantee program to enhance small business participation in electric, hybrid vehicle development and demonstration;
- Amend the National Aeronautics and Space Act of 1958 to specifically authorize NASA to conduct ground propulsion systems research and development.

Additional discussion is provided in OMB's enrolled bill report at Tab A.

ARGUMENTS FOR APPROVAL

1. Without Federal assistance, private industry will move slowly in developing and demonstrating these vehicles because of (a) the high cost and risk involved, (b) the investment by major automobile manufacturers in the internal combustion engine, and (c) the absence of private capital markets.

2. The Federal government must assist with this type of program if electric vehicles are to become commercially viable options (environmentally advantageous) to counteract our nation's dependence upon foreign oil.

3. The bill passed by 308-60 in the House and 72-16 in the Senate, suggesting that sustaining a veto would be difficult.

AGRUMENTS FOR DISAPPROVAL

1. The greatest obstacle to the successful development and demonstration of an electric vehicle is the existing inadequacy of battery technology. Advancement in battery research is a prerequisite to a large scale demonstration program.

2. ERDA already has adequate authority to conduct an appropriate electric vehicle development program, with emphasis on battery technology. $10 million is authorized for this program in your budget for ERDA for fiscal 1977.

3. The massive spending program required for large scale production of an electric vehicle is best pursued by private industry which already has substantial experience and interest in electric vehicles. The Federal role should be limited to research and development of battery technology.

4. Amendment to the National Aeronautics and Space Act of 1958 is unnecessary; NASA presently has sufficient legislative authority to perform energy research and development in this area.

AGENCY RECOMMENDATIONS

ERDA, GSA, SBA and Agriculture recommend that you approve H.R. 8800. The Postal Service, NASA and NSF indicate they have no objection to the bill. OMB, DOT, Commerce and Treasury recommend that you disapprove H.R. 8800.

COMMENTS

DOT Secretary Coleman:	"...the demonstration program provided by the bill has no realistic chance of succeeding given the well-documented inadequacy of present electric vehicle battery technology."
ERDA Robert Seamans, Jr.:	"This agency has expressed its concern that the present status of technological development is such that a large-scale demonstration may be premature and detrimental to this program area...However, the bill was amended by Congress in response to our expressed concerns and because this Act directly addresses the very significant national problem of increasingly heavy dependence on foreign petroleum supplies..., ERDA is prepared to fully implement the Act."
OMB James Lynn	"The Federal role should be limited to supporting research and development of critical components and systems for electric vehicles (primarily batteries, control systems, and hybrid power plants) through the exploratory and advanced development phases only."

STAFF RECOMMENDATIONS

Max Friedersdorf	"Recommend disapproval. H.R. 13655, Auto Research and Development Act, will also be a strong candidate for veto because of duplication of programs. May want to announce simultaneous vetoes if timing permits".
Alan Greenspan	Recommend disapproval.
Bill Seidman	Recommend disapproval -- if chance to sustain.
Counsel's Office (Kilberg)	Recommend disapproval.

RECOMMENDATION

I recommend disapproval of H.R. 8800. A massive demonstration program would be premature and wasteful before the necessary advanced batteries are developed.

ERDA already has sufficient authority and funds to pursue the appropriate Federal role of advancing battery technology.

DECISION

Sign H.R. 8800 at Tab B.

Approve signing statement at Tab C.
(cleared by the White House Editorial Office (Smith)

Approve _____ Disapprove _____

Veto H.R. 8800 and sign veto message at Tab D.
(cleared by the White House Editorial Office (Smith)

Approve MRF Disapprove _____

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

SEP 8 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8800 - Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976
Sponsors - Rep. McCormack (D) Washington and 22 others

Last Day for Action

September 13, 1976 - Monday

Purpose

Authorizes in the Energy Research and Development Administration a Federal research, development and demonstration program designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles; provides an appropriation authorization of $160 million and $60 million in loan guarantee authority over a five-year period for the program.

Agency Recommendations

Office of Management and Budget	Disapproval (Veto Message attached)
Department of Transportation	Disapproval (Veto Message attached)
Department of Commerce	Disapproval (Veto Message attached)
Department of the Treasury	Concurs in a disapproval recommendation
Federal Energy Administration	Cites concern (Informally)
United States Postal Service	No objection

Environmental Protection Agency	No objection (Informally)
National Aeronautics and Space Administration	No objection
National Science Foundation	No objection
Department of State	No objection (Informally)
Energy Research and Development Administration	Approval
General Services Administration	Approval
Small Business Administration	Approval
Department of Agriculture	Approval
Department of Housing and Urban Development	Defers to ERDA (Informally)

Discussion

H.R. 8800 would create a major Federal program to develop and demonstrate electric and hybrid vehicles (the latter being those propelled by a combination of an electric motor and an internal combustion engine or other power source). As the focal point for the program, the enrolled bill would direct the Administrator of the Energy Research and Development Administration (ERDA) to establish and manage an Electric and Hybrid Vehicle Research, Development, and Demonstration Project. The major features of the Project would require:

- coordination, consultation and assistance from the Department of Transportation (DOT) and other Federal agencies in various phases of the Project;

- research and development in areas related to electric and hybrid vehicles capable of both personal and commercial use;

- development of both present and advanced performance standards and other criteria to be the basis for the purchase and delivery of the following demonstration electric and hybrid vehicles --

    (1) 2,500 current state-of-the-art vehicles within 39 months of enactment; and

(2) 5,000 advanced state-of-the-art vehicles within 72 to 78 months of enactment.

In both categories, the Project could utilize fewer vehicles if the stipulated numbers could not be delivered on time, but not less than 1,000 of the first category and 2,500 of the second category could be purchased;

- sale or lease of such vehicles to Federal agencies, State and local governments, and to other persons for personal or business use under terms and conditions which will promote their widespread use (including coverage of differential costs by ERDA);

- special actions to assure that small business concerns have an opportunity to participate in the Project;

- ERDA to guarantee principal and interest on loans, for a five-year period following enactment, in order to encourage the commercial production of electric and hybrid vehicles; such loans would:

  (1) require full repayment in not to exceed 15 years;

  (2) not exceed 90 percent of an activity's total cost;

  (3) be available only if credit is not available elsewhere and if repayment is reasonably assured; and

  (4) generally not exceed $3 million per loan and in the aggregate not exceed $60 million;

- ERDA, the U.S. Postal Service, the General Services Administration, the Department of Defense, and other Federal agencies to study the practicability of using electric and hybrid vehicles;

- application of the patent policy of the Federal Nonnuclear Energy Research and Development Act of 1974 to any contract issued under the program (that Act authorizes the Administrator to waive U.S. patent rights in certain cases);

- require ERDA to report frequently to the Congress concerning the program's progress and problems.

H.R. 8800 would also authorize the following appropriations for ERDA:

Fiscal Year	$ Millions
1977	30
1978	40
1979	25
1980	20
1981	45
Total	160

(Note: Monies received for vehicle sales or leases may be retained by ERDA, but the above authorizations would be reduced by equivalent amounts in the relevant fiscal year).

Finally, the enrolled bill would amend the National Aeronautics and Space Administration's basic charter to specifically authorize NASA to conduct ground propulsion systems research and development.

H.R. 8800 passed by 308 to 60 in the House and by 72 to 16 in the Senate.

In testimony before congressional committees on H.R. 8800 and similar bills, ERDA, DOT, and other Executive Branch agencies strongly opposed any move to expand the Federal role in electric and hybrid vehicle programs beyond the research and exploratory development stage. At the same time, the Administration did indicate its wholehearted

support for the goal of developing non-petroleum propulsion options for transportation. The Administration position was based on the following factors:

(1) Private industry already has substantial experience in this area and it continues to show interest in the development of a practical electric-powered vehicle. Primary responsibility for developing such vehicles and batteries to the point of commercial production should remain with industry.

(2) It is inappropriate to mandate to the Federal Government the direct managerial and supervisory role in such a massive electric vehicle development project.

(3) The Federal role should be limited to supporting research and development of critical components and systems for electric vehicles (primarily batteries, control systems, and hybrid power plants) through the exploratory and advanced development phases only. In this regard, ERDA's fiscal year 1977 appropriation provides $10 million which will be primarily applied to battery research.

(4) Existing battery technology is the largest and only major obstacle to developing viable electric vehicles. Until substantial progress is realized in developing a high performance battery, a massive demonstration project would be both premature and quite possibly counterproductive.

(5) The specified timetables for the development of performance standards and criteria, and for the purchase of vehicles, are too short to be carried out with effective results.

(6) The legislation is too costly given the current period of necessary fiscal restraint.

However, in its report on this legislation, the Senate Committee on Commerce noted that, in response to ERDA's stated concerns, the Committee had: (1) extended the period for developing and acquiring the demonstration vehicles and (2) given the Administrator some flexibility in acquiring less than the stipulated numbers of vehicles. The Committee concluded that:

> "The Federal Government will have to carry out a significant program of research, development, and demonstration of electric and hybrid vehicles, if these vehicles are rapidly to become a meaningful option to assist in counteracting this Nation's dependency on foreign sources of petroleum. Despite the fact that a large number of private companies have demonstrated a significant interest in the development of electric and hybrid vehicle technologies -- several companies are already actively selling such vehicles -- it is generally agreed that without Federal assistance and incentives, the rate of introduction of such vehicles into our transportation fleet will be slow. The high cost and risk of rapidly bringing out new transportation technology, the enormous present investment by the major automobile manufacturers in the internal combustion engine configuration, and the reluctance of the public to utilize new technology until its reliability is fully demonstrated, all stand in the way of accelerated electric and hybrid vehicle development. Access to capital markets to maintain significant research and development programs also continues to present difficulties in an area which is still considered speculative."

It should be noted that both the Senate and House versions of the second concurrent resolution for fiscal year 1977 make allowance for this program.

Agency Views

DOT and Commerce both recommend veto while Treasury advises that it "would concur in a recommendation that the enrolled bill not be approved by the President." Generally, DOT and Commerce base their continuing opposition to H.R. 8800 on the same reasons the Administration cited in opposing the bill in Congress (described above). In this regard, DOT succinctly summarizes the critical flaw in the conceptual framework of H.R. 8800 as it concludes in its enrolled bill letter that:

> " ... the demonstration program provided by the bill has no realistic chance of succeeding given the well-documented inadequacy of present electric vehicle battery technology."

Treasury's concerns with the bill involve numerous technical deficiencies in the loan guarantee provision (i.e., possible guarantee of tax-exempt obligations; no procedure for assuring prompt payment in the event of default, etc.).

Taking a different view, ERDA, SBA, Agriculture and GSA recommend approval while the remaining agencies either express no objection to approval or defer to ERDA. In its enrolled bill letter, ERDA notes its past opposition to H.R. 8800 and then states the reasons for its change in position:

> "This agency has expressed its concern that the present status of technological development is such that a large-scale demonstration may be premature and detrimental to this program area. This agency has also expressed concern over what seemed to be an inadequate amount of time allowed for the incorporation of technologies developed in the research and development phase of the program into the vehicles purchased in the second part of the demonstration program. However, the bill was amended by Congress in response to our expressed concerns and because this Act directly addresses the very significant

national problem of increasingly heavy dependence on foreign petroleum supplies by seeking to reduce the high level of energy use in the field of transportation, ERDA is prepared to fully implement the Act."

OMB Recommendation

We continue to view H.R. 8800 as unacceptable and concur in the Commerce, DOT, and Treasury recommendations for veto. The factors cited by the Administration in opposing this legislation are still fully relevant. Although some flexibility has been incorporated into the legislation, as noted previously, the fact remains that this legislation:

- is still unduly restrictive in the level and timing of required demonstrations and the requirements for reporting to Congress;
- is premature and costly;
- unduly preempts the private sector; and
- could have the unintended effect of being counter-productive by demonstrating on a large scale that electric and hybrid vehicles are not yet viable and thus inhibit longer-term public acceptance of such vehicles.

In addition, the modification of NASA's basic legislative charter is unnecessary to enable the scientific and engineering competence of NASA to be harnessed in support of ERDA's mission. Sufficient legislative authority now exists for NASA to perform energy R&D with pass-through funding from ERDA. Rather, this provision could undermine your decision during the review of the fiscal year 1977 budget that there should be no direct funding for energy R&D in NASA, and a precedent could be established for NASA to assume an active and independent role in nonaeronautics and space activities that may be better left to the private sector.

Moreover, your approval of H.R. 8800 would create strong pressure for also approving H.R. 13655, the Automatic Transport Research and Development Act of 1976. This latter legislation is analogous in many ways to H.R. 8800; it would create a $100 million program for ERDA and DOT to engage in extensive research and development leading to advanced automotive propulsion systems and vehicles. The conference report on H.R. 13655 has cleared the House and will likely be taken up in the Senate soon after the Labor Day recess.

We have prepared, for your consideration, a draft veto message.

James T. Lynn
Director

Enclosures

National Aeronautics and
Space Administration

Washington, D.C.
20546

Office of the Administrator

SEP 2 1976

Director
Office of Management and Budget
Executive Office of the President
Washington, DC 20503

Attention: Assistant Director
for Legislative Reference

Subject: Enrolled Enactment report on H.R. 8800,
94th Congress

This is an Enrolled Enactment report on H.R. 8800, "To authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles." It is submitted pursuant to Mr. James M. Frey's memorandum of September 1, 1976.

In general, the Bill would direct the Energy Research and Development Administration (ERDA) to conduct a specialized program for promoting the technologies and demonstrating the commercial feasibility of electric and hybrid vehicles for urban individual and business use and farm applications by establishing an organizational entity within ERDA known as the Electric and Hybrid Vehicle Research, Development, and Demonstration Project. ERDA would have overall management of the project and would be authorized to enter into agreements with other Federal agencies, including NASA, as is necessary or appropriate for the conduct of the project.

Section 15 of H.R. 8800 would amend the National Aeronautics and Space Act of 1958 in two instances. Subsection 15(a) would amend section 102 of that Act (42 U.S.C. 2451) by adding a new declaration stating that NASA's unique competence in scientific and engineering systems be directed toward ground propulsion systems research and development. Subsection 15(c) would further amend section 203 of that Act (42 U.S.C. 2473) to provide that NASA "initiate, support, and carry out such research, development, demonstration, and other related activities in ground propulsion technologies

LAW DEPARTMENT
Washington, DC 20260

SEP 2 1976

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management & Budget
Washington, D.C. 20503

Dear Mr. Frey:

This responds to your request for the views of the Postal Service with respect to the enrolled bill:

H.R. 8800, "To authorize in the Energy Research and Development Administration a Federal program of research, development and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles."

1. Purpose of Legislation as it Pertains to the Postal Service.

Section 11 requires the Postal Service and certain other agencies to study the utility of electric and partially electric vehicles for performing some of their functions, to introduce such vehicles into their fleets as soon as possible, and to take into account life-cycle cost and beneficial pollution-control characteristics in competitive procurements of such vehicles. The section also authorizes the Administrator of the Energy Research and Development Administration to fund any increment necessary to make such vehicles competitive with conventional vehicles, to the extent appropriate under his demonstration program required by the bill.

2. Position of the Postal Service. The Postal Service already has undertaken studies of electric delivery vehicles and has introduced several hundred of them into our fleet. Accordingly, we have no objection to the substance of this proposal. While we had asked for certain clarifications of the details of administration of the bill, and no clarification was made, we believe that these matters can be worked out by administrative interpretation and would hope that the Administrator would seek agency input prior to establishing his implementing procedures.

3. Timing. We have no recommendation regarding the timing of Presidential action on this measure.

4. Cost or savings. We have no estimate as to the cost or savings of this measure for the Postal Service.

5. Recommendation of Presidential action. The Postal Service has no objection to the approval of this measure by the President.

Sincerely,

W. Allen Sanders

W. Allen Sanders
Assistant General Counsel
Legislative Division

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF GENERAL COUNSEL

SEP 3 1976

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Frey:

This is in response to your request for the views of the Small Business Administration regarding H. R. 8800, The Electric & Hybrid Vehicle Research, Development & Demonstration Act of 1976, an Enrolled Bill "To authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles."

In brief, the Act would establish within the Energy Research and Development Administration a comprehensive research and development project which will focus on basic and applied research on electric and hybrid vehicle batteries, controls, motors, and overall vehicle design. ERDA would also carry out a three-stage demonstration project to provide for (a) development of data, (b) contracting for the purchase, or lease of 2,500 electric or hybrid vehicles which represent the best available state-of-the-art technology, and (c) contracting for the purchase or lease of 5,000 advanced electric or hybrid vehicles.

The Administrator of ERDA is to carry out the research, development, and demonstration project through contracts and loan guarantees. The Act instructs the ERDA Administrator to protect and enhance the participation of small businesses concerned with electric and hybrid vehicle technology, by reserving a reasonable portion of funds to be made available for the research, development, and demonstration project for contracts with small businesses. A total of $160 million is authorized over five years to achieve the purposes of the project.

Section 9 of H. R. 8800 "Encouragement and Protection of Small Business" provides a means for small business' participation in the project through contracts and planning grants. SBA endorses this provision.

Section 10, "Loan Guarantees," authorizes financial assistance so that qualified small business concerns are not excluded from participation due to lack of adequate capital. SBA is in full agreement with this provision.

Under Section 3, "Definitions," ERDA is to consult with the Small Business Administration in order to define "small business concern." This is an excellent provision if properly enforced. ERDA has, under its geothermal loan program, utilized its own definition of "small business," which resulted in wholly owned subsidiaries of major oil corporations being defined as "small."

Because of the technical nature of the proposed bill, it is apparent that the bulk of such contracts will probably be allocated to rather substantial firms. However, the magnitude of the projects proposed will require skills and expertise in specialized areas which are within range of small concerns.

Administrator Kobelinski wishes me to inform you that SBA's endorsement of H. R. 8800 is based upon those provisions of the Act affecting small business rather than upon the overall merits of the legislation.

Thank you for the opportunity to comment on this Enrolled Bill.

Sincerely,

David M. F. Lambert
General Counsel

UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION
WASHINGTON, DC 20405

September 3, 1976

Honorable James T. Lynn
Director, Office of
Management and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

By letter of September 1, 1976, you requested the views of the General Services Administration (GSA) on enrolled bill H.R. 8800, "To authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles."

GSA supports enactment of the enrolled bill.

Sincerely,

JACK ECKERD
Administrator

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

September 3 1976

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

In reply to the request of your office, the following report is submitted on the enrolled enactment H.R. 8800, "To authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles."

This Department recommends that the President approve the bill.

Our growing demand for foreign petroleum supplies for use in motor vehicles will adversely affect our balance of trade position. This Department believes that an accelerated electric vehicles research, development and demonstration program can significantly reduce the demand for foreign petroleum products.

Substantial use of electric-powered vehicles, in addition to conserving petroleum fuels, could assist the electric utilities in balancing their generating load by off-peak recharging of the vehicles. There appears to be significant opportunity for use of electric-powered vehicles in rural America and on farms. A recent Department of Transportation study showed that the average length of trip for residents of unincorporated communities was 11 miles. Electric automobiles now available have an operating range of 100 miles and a top speed above 45 miles per hour.

Electric-powered vehicles are not new. Electric trucks operated quite extensively in the 1920's. Tractors with fuel cells operated on an experimental basis in the late 1950's. Currently, low horsepower suburban tractors and riding lawn mowers are available based on patents developed by the Farm Electric Institute.

Electric loaders and golf cart type vehicles have been used on some farms for years. With the price of gasoline rising relative to electric rates, electric-powered vehicles may become economically feasible. This bill will do much to speed technological development and demonstration of such vehicles.

The funding level specified in the bill appears adequate for the conduct of this program.

Sincerely,

John A. Knebel
Under Secretary

UNITED STATES
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION
WASHINGTON, D.C. 20545

September 3, 1976

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget

Dear Mr. Frey:

The Energy Research and Development Administration (ERDA) is pleased to respond to your invitation to comment on the Enrolled Bill H.R. 8800, the "Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976."

The Act directs the Administrator of ERDA to establish within the agency the Electric and Hybrid Vehicle Research and Development Project. This organizational entity acting under the Administrator would be empowered to purchase a maximum of 7,500 electric or hybrid vehicles during the course of the program. Purchase of the first 2,500 vehicles would begin within 21 months of enactment and be completed within 39 months. The larger group of 5,000 vehicles would be purchased during the period beginning not later than 54 months after enactment and be concluded within 72 months. The purchase of the electric and hybrid vehicles will be pursuant to performance standards to be formulated by ERDA. Under the Act the Administrator would be authorized to make these vehicles available to Federal agencies, State and local governments, and to individuals under a carefully monitored demonstration and testing program.

The Act directs the Administrator to conduct a program of research and development in "areas related to electric and hybrid vehicles" (Section 6). The areas which are identified as topics for research are: energy storage; vehicle control systems; urban design and traffic management to promote conservation; and vehicle design with emphasis on durability and ease of repair.

It is also provided in H.R. 8800 that ERDA shall administer a $60 million loan guarantee program. Under these provisions loans, not to exceed $3 million for any single borrower, would be guaranteed for the purposes of encouraging research, prototype and component construction, and defraying initial expenses of development and production of electric and hybrid vehicles. The loan guarantee program would extend over a five-year period and would guarantee loans for qualified borrowers defined by the Act as those legal entities who present "satisfactory evidence

of an interest in electric or hybrid vehicle technology and /are/ capable of performing research" in this field (Section 10(f)).

Other significant provisions include a directive that the Administrator shall take steps to insure that the program presents realistic opportunities to small businesses (Section 9). It is provided in Section 11 that other Federal agencies shall study electric vehicles and undertake programs to introduce them into their vehicular fleets.

The Act authorizes $30 million for FY 1977 and 'earmarks' $10 million of that amount for battery research and development. For the four fiscal years following 1977, the Act authorizes a total of $130 million.

This agency has expressed its concern that the present status of technological development is such that a large-scale demonstration may be premature and detrimental to this program area. This agency has also expressed concern over what seemed to be an inadequate amount of time allowed for the incorporation of technologies developed in the research and development phase of the program into the vehicles purchased in the second part of the demonstration program. However, the bill was amended by Congress in response to our expressed concerns and because this Act directly addresses the very significant national problem of increasingly heavy dependence on foreign petroleum supplies by seeking to reduce the high level of energy use in the field of transportation, ERDA is prepared to fully implement the Act. I therefore recommend that the President sign into law the Enrolled Bill H.R. 8800.

Sincerely,

James L. Liverman

Acting Administrator

Robert C. Seamans, Jr.
Administrator

NATIONAL SCIENCE FOUNDATION
WASHINGTON, D.C. 20550

OFFICE OF THE
DIRECTOR

September 3, 1976

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Frey:

This is in reply to your request of September 1, 1976, for the comments of the National Science Foundation on Enrolled Bill H. R. 8800, the "Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976.

The Foundation has no objection to approval of the bill by the President.

Sincerely yours,

R. C. Atkinson

Richard C. Atkinson
Acting Director

GENERAL COUNSEL OF THE
UNITED STATES DEPARTMENT OF COMMERCE
Washington, D.C. 20230

SEP 3 1976

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Lynn:

This is in response to your request for the views of this Department concerning H. R. 8800, an enrolled enactment

> "To authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles,"

to be cited as the "Electric and Hybrid Vehicle Research, Development and Demonstration Act of 1976."

This legislation would essentially authorize the establishment of a 6-year, $160 million Electric and Hybrid Vehicle Research, Development, and Demonstration Project within the Energy Research and Development Administration (ERDA) in order to support accelerated research into, and development of electric and hybrid vehicle technologies, and to demonstrate the commercial practicability of electric and hybrid vehicles as alternatives for gasoline-powered vehicles for urban and rural use. At least $10 million of the funds authorized for fiscal year 1977 would be allocated for battery research and development.

The demonstration project would result in the eventual purchase or lease by ERDA, for demonstration purposes, of approximately 7500 electric and hybrid vehicles which would conform to federal performance standards promulgated by the Administrator of ERDA. In addition, H. R. 8800 would authorize a $60 million loan guarantee program designed primarily for small business concerns for the purposes of research and development, prototype development, capital equipment construction, and initial operating expenses related to electric and hybrid vehicle development and production.

The Department of Commerce recommends that the President veto H.R. 8800 because it would not accomplish its intended objective of developing an electric vehicle that would function as a practical alternative to gasoline-powered vehicles for private and commercial use. We have enclosed a draft veto message for your consideration.

Sincerely,

General Counsel

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

September 3, 1976

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

This is in response to your request for departmental views on H.R. 8800, an enrolled bill entitled the "Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976."

This bill would provide for a two-part program to develop and demonstrate electric and hybrid vehicles. The first part of the program would establish an electric and hybrid vehicle research and development program within the Energy Research and Development Administration (ERDA) which would focus on electric and hybrid vehicle batteries, controls, and motors as well as on overall vehicle design. The second part would establish a five-year, three-stage demonstration program of electric and hybrid vehicles within ERDA to develop production vehicles for eventual purchase and demonstration by the Federal Government to show their feasibility for commercial and personal use. The bill authorizes $160 million for the program, including a loan guarantee requirement, over five fiscal years ending in fiscal year 1981.

The first stage of the demonstration program would require the ERDA Administrator to develop data characterizing the present state of electric and hybrid vehicle technology within 12 months after the bill's enactment. To develop this data, the Administrator would have to purchase or lease a "reasonable number" of electric or hybrid vehicles for demonstration, or make some other arrangement for developing such baseline data. Using the data from this first stage and within 15 months after the bill's enactment, the Administrator would be required to develop and promulgate initial performance standards for up to 2,500 electric and hybrid vehicles to be purchased or leased for demonstration. Contracts for these vehicles would have to be concluded

within 6 months after the date of the promulgation of the initial standards. The third stage of the program would require the Administrator to purchase or lease up to 5,000 advanced electric or hybrid vehicles for demonstration no later than 4 1/2 years after the bill's enactment. These advanced vehicles would have to meet new or revised performance standards which would be issued as the technology advances.

The Department, along with ERDA, has testified in opposition to this bill. While we continue to support the Federal Government's ongoing research through ERDA with regard to the battery and hybrid engine technology necessary for the development of electric and hybrid vehicles, we believe it inappropriate for the Federal Government--as distinguished from private industry--to develop electric and hybrid vehicle batteries, controls, motors, and overall vehicle design to the point of commercial production. Bringing about the development of production prototypes of electric and hybrid vehicles and their related technology through the final stages of commercial development has traditionally been left to the private sector on the theory that the government should not intrude into the private sector any more than is necessary. While it is clear that ERDA should continue to use its existing authority to conduct a reasonable and appropriate research and development program for high performance electric vehicle batteries, we see no justification for the Federal Government's intrusion into the commercial private sector with the purpose of developing a completely new vehicle for mass production.

It is a well-documented fact that the greatest obstacle to the successful development of an electric vehicle system is the existing inadequacy of electric vehicle battery technology. Since the area of particular need is for the advancement of energy storage technology and not electric vehicle development per se, we believe that government research and development in this area should be concerned primarily with advancing battery technology.

In this regard, ERDA already has sufficient authority under the Energy Reorganization Act of 1974 (P.L. 93-438) and the Federal Nonnuclear Energy Research and Development Act of 1974 (P.L. 93-577) to conduct an appropriate electric vehicle development program. Approximately $10 million dollars has been programmed for ERDA's electric vehicle research and development program in the President's fiscal year 1977 budget request. Accordingly, the bill unnecessarily duplicates

ERDA's existing authority to conduct a reasonable and appropriate program in this area. Once the technological obstacles in battery development are overcome, private industry is fully capable of proceeding with the development of electric and hybrid vehicles for mass production.

Similarly, we believe that Federal sponsorship of the massive, mandatory, near-term demonstration program provided by this bill is inappropriate and undesirable at this time. Since technological breakthroughs in battery research are a necessary prerequisite before the electric vehicle becomes a viable option, it is clear that this large-scale demonstration program within specific time-frames would be premature and potentially counterproductive. It is simply unreasonable for the Federal Government to engage in such a demonstration program before the necessary advanced batteries are developed.

In conclusion, we recommend that the bill be vetoed. We take this position as a result of our belief that the demonstration program provided by the bill has no realistic chance of succeeding given the well-documented inadequacy of present electric vehicle battery technology. In addition, while we support the concept that the Federal Government, through ERDA, should continue to engage in the research and development of battery technology, we believe that the Federal role should be confined to research and development and should not extend into commercial areas where private business and market forces are fully capable and in fact are already operating.

Enclosed is a proposed Presidential veto message for your consideration.

Sincerely,

William T. Coleman, Jr.

Enclosure

To the House of Representatives:

I am returning, without my approval, H.R. 8800, which would establish within the Energy Research and Development Administration (ERDA) a program of research and development of electric and hybrid vehicle technologies and a demonstration program designed to show the commercial feasibility of electric and hybrid vehicles.

I am disapproving H.R. 8800 because it contains a massive $160 million dollar demonstration program leading to 7,500 demonstration vehicles which, in my view, has no realistic chance of succeeding given the existing inadequacy of electric vehicle battery technology. It is a well-documented fact that technological breakthroughs in battery research are a necessary prerequisite before the electric vehicle becomes a viable option for commercial mass production. As a result, the large-scale demonstration program required to be accomplished within specific time-frames by this bill is clearly premature. It is simply unreasonable for the Federal Government to engage in such a massive demonstration program before the necessary advanced batteries for such vehicles are developed.

Since the area of particular need is for the advancement of energy storage technology and not vehicle development per se, governmental efforts should be directed primarily toward advancing battery technology. In this regard, I believe that ERDA already has adequate authority under the Energy Reorganization Act of 1974 (P.L. 93-438) and the Federal Nonnuclear Energy Research and Development Act of 1974 (P.L. 93-577) to conduct an appropriate electric vehicle development program. Approximately $10 million dollars has been programmed for ERDA's electric vehicle research and development program in the Administration's fiscal year 1977 budget request.

Finally, while I strongly support ERDA's ongoing research and development of the battery and hybrid engine technology, I believe it to be inappropriate for the Federal Government instead of private industry to develop electric and hybrid vehicle batteries, controls, motors, and overall vehicle design to the point of commercial production as this bill would require. Bringing about the development of production prototypes of electric and hybrid vehicles and their related technology through the final stages of commercial development has traditionally been a matter for the private sector on the theory that the government should not intrude into the private sector any more than is necessary. In my view, the appropriate Federal role in this case should be confined to research and development of battery technology and should not extend into commercial areas where private business and market forces are fully capable and in fact are already operating.

For these reasons, I am returning H.R. 8800 and asking Congress to reconsider this bill.

Gerald R. Ford

TO THE HOUSE OF REPRESENTATIVES:

I am returning, without my approval, H.R. 8800, the "Electric and Hybrid Vehicle Research, Development and Demonstration Act of 1976."

This bill would establish a five-year, $160 million research, development and demonstration project within the Energy Research and Development Administration (ERDA) to promote the development of an electric vehicle that could function as a practical alternative to the gasoline-powered automobile. One of the major objectives of the project would be the development and purchase by the Federal government of some 7,500 demonstration electric vehicles. Such development would cover some of the areas private industry stands ready to pursue.

It is well documented that technological breakthroughs in battery research are necessary before the electric vehicle can become a viable option. It is simply premature and wasteful for the Federal government to engage in a massive demonstration program -- such as that intended by the bill -- before the required improvements in batteries for such vehicles are developed.

ERDA already has adequate authority under the Energy Reorganization Act of 1974 and the Federal Non-nuclear Energy Research and Development Act of 1974 to conduct an appropriate electric vehicle development program. Under my fiscal year 1977 budget, ERDA will focus on the research areas that inhibit the development of practical electric vehicles, for wide-spread use by the motoring public. Included is an emphasis on advanced battery technology.

Even assuming proper technological advances, the development of a completely new automobile for large-scale production is a monumental task requiring extensive investment of money and years of development. While the Government can play an important role in exploring particular phases of electric vehicle feasibility -- especially in the critical area of battery research -- it must be recognized that private industry already has substantial experience and interest in the development of practical electric vehicle transportation. I am not prepared to commit the Federal government to this type of a massive spending program which I believe private industry is best able to undertake.

Gerald R. Ford

THE WHITE HOUSE,

September 13, 1976.

DEPARTMENT OF STATE

Washington, D.C. 20520

SEP 7 1976

Dear Mr. Lynn:

In reply to Mr. Frey's letter of September 1, the Department of State does not consider H.R. 8800 to have significant foreign policy implications and therefore defers to the Energy Research and Development Administration and the National Science Foundation in its overall evaluation of the Bill.

The Department would like to point out, however, that the words "International Energy Agreement" as used in Section 10 paragraph (i) should be either International Energy Program (IEP) or International Energy Agency (IEA). In addition, words such as the following might be added to the preambular language in Section 6:

> "In view of the fact that there is extensive research under way in other countries in this and related fields and inasmuch as it is the policy of the United States to encourage international cooperation in energy R&D, the Administrator should seek, wherever possible, to encourage cooperative projects with other nations engaged in similar research."

Sincerely yours,

Robert J. McCloskey
Assistant Secretary for
Congressional Relations

The Honorable
James T. Lynn,
Director, Office of
Management and Budget.

FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

SEP 8 1976

OFFICE OF THE GENERAL COUNSEL

MEMORANDUM FOR JAMES M. FREY
ASSISTANT DIRECTOR FOR
LEGISLATIVE REFERENCE
OFFICE OF MANAGEMENT AND BUDGET

FROM: MICHAEL F. BUTLER
GENERAL COUNSEL

SUBJECT: ENROLLED BILL H.R. 8800, THE "ELECTRIC AND HYBRID VEHICLE RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACT OF 1976"

This is in response to your request for the views of the Federal Energy Administration (FEA) on H.R. 8800, a bill "To authorize in the Energy Research and Development Administration (ERDA) a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles."

Among the provisions of the bill:

- Section 4 provides that there be established in ERDA an Electric and Hybrid Vehicle Research, Development and Demonstration Project;

- Section 6 provides that ERDA shall undertake research and development in areas related to electric and hybrid vehicles;

- Section 7 provides that ERDA shall, by rule, establish separate performance standards for personal and commercial electric vehicles, shall contract for the purchase or lease of a certain number of these vehicles, and shall make such vehicles available to Federal, State and local governments and individuals in order to obtain data on such vehicles' use;

- Section 10 authorizes ERDA to guarantee, and to enter into commitments to guarantee, principal and interest on loans for research and development related to electric vehicle technology, prototype development of such vehicles, construction of capital equipment related to research, development and production of such vehicles, and initial operating expenses associated with such development and production;

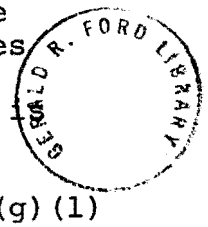
- Section 16 authorizes a total of 160 million dollars for fiscal years 1977 through 1981 for purposes of carrying out the Act.

Although we are in agreement with the ultimate aim of this bill, reducing the Nation's consumption of petroleum, there are a number of specific aspects of the bill which may prevent achievement of this aim in an equitable and economically feasible way. For these reasons, we cannot recommend that the President sign H.R. 8800.

As written, the bill appears unnecessarily to favor developing technology in the area of electric vehicles. Since there are other technology alternatives which potentially offer equal or greater ultimate benefits in terms of energy conservation, the research and development effort contemplated by this bill -- together with its objectionable demonstration and loan guarantee provisions --for one particular technology may not be the most effective way to reduce petroleum consumption.

The demonstration provisions of section 7 do not allow ERDA any discretion in deciding whether or not implementation will serve the ultimate aims of the bill. Only limited flexibility is provided in deciding the number of vehicles to be purchased and in establishing performance standards. For example, ERDA is required to purchase a certain number of vehicles even in the case where no existing or advanced vehicles can meet performance standards which support the purposes of the bill. These provisions are unacceptable because they require the demonstration program to go forward without the possibility of a determination by ERDA that the program is worthwhile.

Section 10, containing provisions regarding the loan guarantee program, has several serious deficiencies. First, the language used to define the purposes of the loans and the term "qualified borrower" is exceptionally broad, and does not provide ERDA with adequate guidance in establishing specific criteria to ensure that the purpose of the bill is achieved by the loan guarantees.



Second, the interest assistance authorized in section 10(g)(1)

essentially represents a direct subsidy by the Government. Further, this section appears to be based upon the somewhat questionable and probably unworkable assumption that a borrower who is incapable of meeting the interest payments on a loan will be capable of repaying the principal and avoiding default.

Third, the default provisions of section 10(g)(2) are inadequate. The bill does not directly authorize any specific amount of funds to pay for defaults, nor does it establish any definitions or criteria for determining when a default has occurred. Further, the bill does not contain any requirements for record keeping, financial audits, or any type of fiscal accountability on the part of the borrower or lender. Lack of such requirements will severely limit the ability of the Government to administer a loan guarantee program effectively.

Further, because of the lack of adequate definitions, criteria and requirements, implementation of section 10 is likely to constitute a significant administrative burden for ERDA, and as such to require expenditure of an inordinate portion of the funds authorized for the entire bill.

In general, the bill represents another example of a poorly devised and excessively rigid Federal program which -- as structured -- is unlikely to accomplish its stated purpose. In our opinion, it is unlikely that the program, with its narrow focus, poor formulation, and excessive restrictions, will ever save appreciable amounts of petroleum -- the stated purpose of the bill -- or other energy sources.

THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

SEP 7 1976

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of H.R. 8800, "To authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles."

The Department is primarily concerned with section 10 which would authorize the Administrator of the Energy Research and Development Administration to guarantee loans to qualified borrowers, "primarily small business concerns," for research, development, and production of electric and hybrid vehicles.

The Department has no knowledge of any need for the proposed guarantee program. To the extent that emphasis is placed primarily on small business concerns, the proposed program would overlap and duplicate the activities of the Small Business Administration.

The provisions contained in section 10 are not in conformity with overall Administration Federal credit program policies. There is no requirement for Treasury approval of the methods, timing, interest rates, and other terms and conditions of guaranteed obligations to be financed in the securities market. There is no prohibition of guarantees of tax-exempt obligations, although a State university, for example, would be eligible for a guaranteed loan. Furthermore, there is no requirement that the maturity of any guaranteed obligation be less than the useful life of any physical assets financed with the guarantee, no requirement for guarantee fees sufficient to cover administrative expenses and probable losses, and no procedure for assuring prompt payment in the event of default.

The legislative history indicates that the proposed legislation was generally opposed by the Departments of Agriculture, Commerce, and Transportation and by the Energy Research and Development Administration and the Environmental Protection Agency. In view of the foregoing, the Department would concur in a recommendation that the enrolled enactment not be approved by the President.

Sincerely yours,

General Counsel
Richard R. Albrecht

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: 9-17-76

TO: Bob Linder

FROM: LRD

Attached are the HUD views letter on H.R. 8800 and the Treasury views letter on H.R. 5071, for inclusion in the enrolled bill files. Thanks.

THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

SEP 8 1976

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Attention: Ms. Martha Ramsey

Dear Mr. Frey:

Subject: H. R. 8800,
94th Congress, Enrolled Enactment

This is in reply to your request for our views on the enrolled enactment of H. R. 8800, the proposed "Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976."

The enactment would direct the Energy Research and Development Administration (ERDA) to establish a project for research, development, and demonstrations with respect to electric and hybrid vehicle technology and use. ERDA would be directed to purchase electric and hybrid vehicles for use by Federal and local agencies and other persons for demonstration purposes. It would also direct ERDA to take specified steps to assure participation of small businesses in the project, and would authorize ERDA to guarantee loans made to small businesses for research and development, construction of capital equipment, and initial operating expenses associated with the development and production of electric and hybrid vehicles and components. In addition, the enactment would require the introduction of electric and hybrid vehicles into the fleets of Federal agencies as soon as possible.

The Department of Housing and Urban Development defers to ERDA, as the agency which would be responsible for implementing the enrolled bill, as well as to the General Services Administration, the Postal Service, and the

Departments of Transportation and Defense, regarding the desirability and adequacy of its provisions and whether or not to recommend that the President approve the enactment.

Sincerely,

Robert R. Elliott

ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

SEP 13 1976

OFFICE OF THE
ADMINISTRATOR

Dear Mr. Lynn:

This letter is in response to your request of September 1, 1976, for the views of the Environmental Protection Agency (EPA) on the enrolled bill, H.R. 8800, entitled, the "Electric and Hybrid Vehicle Research, Development and Demonstration Act of 1976."

Under this bill, the Administrator of the Energy Research and Development Administration (ERDA) is directed to establish a research, development, and demonstration project with the goal of developing electric and hybrid vehicles for personal and commercial use. The bill directs ERDA to study battery technology, vehicle design, urban design and traffic management. ERDA is further required to establish performance standards for electric and hybrid vehicles, and to enter into contracts for the purchase or lease of such vehicles that meet the performance standards. The bill also includes loan guarantees not to exceed sixty million dollars at any one time to encourage commercial production of electric and hybrid vehicles.

EPA does not oppose the signing of this enrolled bill, but the Agency would like to make the following comments.

Our experience under the Alternative Automotive Power Systems Program (AAPS), transferred to ERDA in January 1975, provided a number of conclusions about the energy and environmental impact of electric vehicles. Although use of electric vehicles may reduce gasoline consumption, the total energy efficiency rate from production to ultimate use is considerably better for gasoline powered vehicles. Our studies conclude, however, that electric vehicles are not likely to be advantageous from a total energy standpoint.

In terms of the environmental impact of electric vehicles our data indicates that air quality improvements in the nature of decreasing photochemical oxidant (Ox) levels can be

expected. Such improvements, however, will be countered by greater emissions of sulfur dioxide (SO_2) and particulates (TSP) assuming that an increased share of our electricity will be supplied by coal-fired power plants. Therefore, the air quality in locations like Southern California may improve at the expense of locations where electricity is produced. In addition to the air quality aspects of electric vehicles, increased use of battery technology may present a hazardous waste disposal problem. Without proper management, disposal of the acid contents in batteries could result in ground water contamination.

Our position, therefore, grows out of the realization that the increased electrification of motor vehicles may have both positive and negative environmental effects and few energy benefits.

Sincerely yours,

John Quarles
for

Russell E. Train
Administrator

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C. 20503

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.:

Date: September 09 Time: 300pm

FOR ACTION: Judy Hope defer
Max Friedersdorf veto
Ken Lazarus veto
Robert Hartmann
Alan Greenspan veto
Bill Seidman
Paul Leach
Glenn Schleede veto

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

veto - if there is a chance to sustain -

FROM THE STAFF SECRETARY

DUE: Date: September 10 Time: 930am

SUBJECT:

H.R. 8800-Electric and Hybrid Vehicle Research Development and Demonstration Act,1976

ACTION REQUESTED:

____ For Necessary Action
____ For Your Recommendations
____ Prepare Agenda and Brief
____ Draft Reply
x
____ For Your Comments
____ Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

Rec. 9/8/76 - 1:15 pm

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.:

Date: September 8 Time: 1000am

FOR ACTION: Judy Hope
Max Friedersdorf
Ken Lazarus
Robert Hartmann
Glenn Schleede
Paul Leach

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

to Rec 4:05 9-8 GAm

to DJS 9-8 5:00 GAm

FROM THE STAFF SECRETARY

DUE: Date: September 9 Time: 900am

SUBJECT:

H.R. 8800-Electric and Hybrid Vehicle Research, Development and Demonstration Act, 1976

ACTION REQUESTED:

____ For Necessary Action ____ For Your Recommendations

____ Prepare Agenda and Brief ____ Draft Reply

__x__ For Your Comments ____ Draft Remarks

REMARKS:

please return to judy johnston, ground floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.:

Date: September 10 Time: noon

FOR ACTION: Max Friedersdorf
Bill Seidman
Robert Hartmann
Jim Lynn
Bobbie Kilberg

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 10 Time: 200pm

SUBJECT:

H.R. 8800-Electric and Hybrid Vehicle Research, Development and Demonstration Act,1976
(revised veto message and signing statement)

ACTION REQUESTED:

____ For Necessary Action
____ Prepare Agenda and Brief
__X__ For Your Comments
____ For Your Recommendations
____ Draft Reply
____ Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

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If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.:

Date: September 10 Time: noon

FOR ACTION: Max Friedersdorf
Bill Seidman
Robert Hartmann
Jim Lynn
Bobbie Kilberg

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 10 Time: 200pm

SUBJECT:
H.R. 8800-Electric and Hybrid Vehicle Research, Development and Demonstration Act,1976
(revised veto message and signing statement)

ACTION REQUESTED:

____ For Necessary Action ____ For Your Recommendations

____ Prepare Agenda and Brief ____ Draft Reply

__x__ For Your Comments ____ Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

VETO MESSAGE

TO THE HOUSE OF REPRESENTATIVES

I am returning, without my approval, H.R. 8800, the "Electric and Hybrid Vehicle Research, Development and Demonstration Act of 1976."

This bill would establish a ~~six~~ five-year, $160 million research, development and demonstration project within the Energy Research and Development Administration (ERDA) to promote the development of an electric vehicle that could function as a practical alternative ~~for~~ to the gasoline-powered automobile. One of the major objectives of the project would be the ~~purchase and~~ development and purchase by the Fed. Gov't of some 7,500 demonstration electric vehicles. Such development would cover ~~all phases including those~~ some of the areas private industry stands ready to ~~undertake~~ pursue.

It is a well-documented ~~fact~~ that technological breakthroughs in battery research are a prerequisite before the electric vehicle can become a viable option. It is simply premature and wasteful for the Federal government to engage in a massive demonstration program -- such as that intended by the bill -- before the necessary advanced batteries for such vehicles are developed.

ERDA already has adequate authority under the Energy Reorganization Act of 1974 and the Federal Non-nuclear Energy Research and Development Act of 1974 to conduct an appropriate

electric vehicle development program. Under my fiscal year 1977 budget, ERDA will be focusing on all of the research areas that inhibit the development of practical electric vehicles, for widespread use by the motoring public, with an ~~a major~~ emphasis on advanced battery technology.

Furthermore, the development of a completely new automobile for large-scale production is a monumental task requiring great sums of money and years of development. While the Government can play an important role in exploring particular phases of electric vehicle feasibility -- especially in the critical area of battery research -- it must be recognized that private industry already has substantial experience and interest in the development of practical electric vehicle transportation. I am not prepared to commit the Federal government to this type of a massive spending program which I believe private industry is best able to undertake.

SIGNING STATEMENT

Today, I have signed H.R. 8800, a bill which establishes within the Energy Research and Development Administration a program to develop and demonstrate electric and hybrid vehicles.

The program includes a five year, $160 million project involving the research, development and demonstration of some 7,500 electric vehicles. The legislation also authorizes a $60 million loan guarantee program to encourage small business participation in electric vehicle development and demonstration. Procurement of the first vehicles will be completed by 1979 with an advanced model delivered by 1982.

Because of the high risk involved in developing and demonstrating electric and hybrid vehicles, the private market cannot presently generate sufficient funds to increase the rate of introduction of these vehicles into our transportation system.

Although I am not in favor of Federal intervention in activities which have private sector funding, this type of Federal program is intended to get us off dead center in developing alternatives to oil fueled vehicles, and thus reduce our reliance on foreign petroleum supplies.

THE WHITE HOUSE

SEP 8 RECD

ACTION MEMORANDUM WASHINGTON LOG NO.:

Date: September 9 Time: 300pm

FOR ACTION: Judy Hope
Max Friedersdorf
Ken Lazarus
Robert Hartmann
Alan Greenspan

cc (for information): Jack Marsh
Jim Connor
Bill Seidman
Ed Schmults
Paul Leach
Glenn Schleede

FROM THE STAFF SECRETARY

DUE: Date: September 10 Time: 930am

SUBJECT:

H.R. 8800-Electric and Hybrid Vehicle Research Development and Demonstration Act,1976

ACTION REQUESTED:

____ For Necessary Action

____ For Your Recommendations

____ Prepare Agenda and Brief

____ Draft Reply

__x__ For Your Comments

____ Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

Veto - if there is a move to sustain.

GRF

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

VETO MESSAGE

O.K. if Pres. goes this route per RBB 11:30 A.M.

TO THE HOUSE OF REPRESENTATIVES

I am returning, without my approval, H.R. 8800, the "Electric and Hybrid Vehicle Research, Development and Demonstration Act of 1976."

This bill would establish a ~~six~~ five-year, $160 million research, development and demonstration project within the Energy Research and Development Administration (ERDA) to promote the development of an electric vehicle that could function as a practical alternative for the gasoline-powered automobile. One of the major objectives of the project would be the purchase and development of some 7,500 demonstration electric vehicles. Such development would cover all phases -- including those private industry stands ready to undertake.

It is well-documented [redacted] that technological breakthroughs in battery research are a prerequisite before the electric vehicle can become a viable option. It is simply premature and wasteful for the Federal government to engage in a massive demonstration program -- such as that intended by the bill -- before the necessary advanced batteries for such vehicles are developed.

ERDA already has adequate authority under the Energy Reorganization Act of 1974 and the Federal Non-nuclear Energy Research and Development Act of 1974 to conduct an appropriate

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.:

Date: September 8 Time: 1000am

FOR ACTION: Judy Hope
Max Friedersdorf
Ken Lazarus
Robert Hartmann
Glenn Schleede
Paul Leach

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 9 Time: 900am

SUBJECT:

H.R. 8800-Electric and Hybrid Vehicle Research, Development and Demonstration Act, 1976

ACTION REQUESTED:

____ For Necessary Action ____ For Your Recommendations

____ Prepare Agenda and Brief ____ Draft Reply

__x__ For Your Comments ____ Draft Remarks

REMARKS:

please return to judy johnston, ground floor West Wing

agree with OMB
K Cole 9/9/76

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.:

Date: September 8 Time: 1000am

FOR ACTION: Judy Hope
Max Friedersdorf
Ken Lazarus
Robert Hartmann
Glenn Schleede
Paul Leach

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 9 Time: 900am

SUBJECT:

H.R. 8800-Electric and Hybrid Vehicle Research, Development and Demonstration Act, 1976

ACTION REQUESTED:

____ For Necessary Action ____ For Your Recommendations

____ Prepare Agenda and Brief ____ Draft Reply

_x_ For Your Comments ____ Draft Remarks

REMARKS:

please return to judy johnston, ground floor West Wing

Recommend disapproval. H.R. 13655, Auto Research + Development Act, will also be a strong candidate for veto because of duplication of programs. May want to announce simultaneous veto if timing permits.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.:

Date: September 10 Time: noon

FOR ACTION: Max Friedersdorf
Bill Seidman
Robert Hartmann
Jim Lynn
Bobbie Kilberg ✓

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 10 Time: 200pm

SUBJECT:

H.R. 8800-Electric and Hybrid Vehicle Research, Development and Demonstration Act,1976
(revised veto message and signing statement)

ACTION REQUESTED:

____ For Necessary Action ____ For Your Recommendations

____ Prepare Agenda and Brief ____ Draft Reply

__x__ For Your Comments ____ Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

p. 1 - From reading your material yesterday, I did not get the impression that private industry was not going to undertake all phases of development of the electric vehicles. Perhaps language on p. 1 that private industry stands ready to undertake" is too strong.

Bobbie Kilberg 9/10/76

done 11

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

VETO MESSAGE

TO THE HOUSE OF REPRESENTATIVES

I am returning, without my approval, H.R. 8800, the "Electric and Hybrid Vehicle Research, Development and Demonstration Act of 1976."

This bill would establish a ~~six~~ five-year, $160 million research, development and demonstration project within the Energy Research and Development Administration (ERDA) to promote the development of an electric vehicle that could function as a practical alternative for the gasoline-powered automobile. One of the major objectives of the project would be the purchase and development of some 7,500 demonstration electric vehicles. Such development would cover ~~all phases -- including those private~~ some of the areas private industry stands ready to ~~undertake~~ pursue.

It is ~~a~~ well-documented ~~fact~~ that technological breakthroughs in battery research are a prerequisite before the electric vehicle can become a viable option. It is simply premature and wasteful for the Federal government to engage in a massive demonstration program -- such as that intended by the bill -- before the necessary advanced batteries for such vehicles are developed.

ERDA already has adequate authority under the Energy Reorganization Act of 1974 and the Federal Non-nuclear Energy Research and Development Act of 1974 to conduct an appropriate

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.:

Date: September 9 Time: 300pm

FOR ACTION: Judy Hope
Max Friedersdorf
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Alan Greenspan

cc (for information): Jack Marsh
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Ed Schmults
Bill Seidman
Paul Leach
Glenn Schleede

FROM THE STAFF SECRETARY

DUE: Date: September 10 Time: 930am

SUBJECT:

H.R. 8800-Electric and Hybrid Vehicle Research Development and Demonstration Act,1976

ACTION REQUESTED:

____ For Necessary Action
____ For Your Recommendations
____ Prepare Agenda and Brief
____ Draft Reply
x For Your Comments
____ Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

CEA, for the reasons outlined by OMB, DOT, and Treasury, ~~support~~ believes that the bill should be vetoed. ~~The draft Amy sent~~ the OMB draft veto message appears adequate & us

Jim Davis

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

Rec. 9/8/76 - 1:15 pm

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.:

Date: September 8 Time: 1000am

FOR ACTION: Judy Hope
Max Friedersdorf
Ken Lazarus
Robert Hartmann
Glenn Schleede
Paul Leach

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 9 Time: 900am

SUBJECT:

H.R. 8800-Electric and Hybrid Vehicle Research, Development and Demonstration Act, 1976

ACTION REQUESTED:

____ For Necessary Action ____ For Your Recommendations

____ Prepare Agenda and Brief ____ Draft Reply

_x_ For Your Comments ____ Draft Remarks

REMARKS:

please return to judy johnston, ground floor West Wing

9/8/76 - copy sent for reasearching. nm
9/8/76 - Researched copy returned sp

Veto recommended
OK as staffed

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K. R. COLE, JR.
For the President

To the House of Representatives:

I herewith return, without my approval, H. R. 8800, the Electric and Hybrid Vehicle Research, Development and Demonstration Act of 1976.

This bill would establish a 6-year, $160 million research, development and demonstration project within the Energy Research and Development Administration (ERDA) for the purpose of promoting the development of an electric vehicle that could function as a practical alternative for the gasoline-powered automobile. Additionally, it would authorize up to $60 million in loan guarantees to "primarily small business concerns" for the purpose of encouraging their production of electric vehicles.

While the goals of this legislation are commendable, and alternate forms of transportation should be encouraged, I do not believe that this bill would further the development and production of commercially viable electric cars. This is primarily because the state of the art of energy storage technology has not yet advanced to the point where batteries can be incorporated in a practically functioning electric automobile. Even though H. R. 8800 would specifically allocate, out of the first year's authorized fundings, $10 million for battery R&D, this would represent too little funding over too short a time for these purposes.

I recognize that a total new budget authorization of $220 million represents a substantial sum of money for electric vehicle development and demonstration. However, I am not convinced that the spending of even this sum of money could reasonably be expected to advance the state of the art of electric vehicles to the point that the private sector would be able to mass produce such a vehicle. The development of a completely new automobile for large-scale production is a task of monumental proportions requiring great sums of money and years of

development. I am not prepared to commit the Federal Government to this type of a massive spending program which I believe private industry is best able to undertake. While the Government can decidedly play an important role in exploring the feasibility of electric vehicles, it must be recognized that private industry already has substantial experience and expertise in this area and continues to show great interest in the development of practical electric vehicle transportation. The emphasis in H. R. 8800 on encouraging small business concerns to develop these prototype electric vehicles -- through Federal financial assistance -- is, furthermore, not a realistic approach to developing large quantities of high-quality, competitive electric cars.

In addition, H. R. 8800 would require the Administrator of ERDA to promulgate performance standards for electric vehicles according to the present state of the art and according to his estimate of the future state of the art. Such federal standards would tend to freeze the technological development of electric vehicles at these levels and would therefore be counterproductive to the successful production of the most efficient types of alternative vehicles.

Lastly, I believe that this new project would not only duplicate existing ERDA authority for research and development of alternate forms of transportation but would stifle its research efforts by limiting the scope of its attention to strictly electric and hybrid vehicles.

In conclusion, I believe that Federal programs in this area should be limited to the development of energy storage technology which appears to be the critical problem in development of these vehicles. I would welcome the enactment by the Congress of a carefully drawn legislative proposal to produce an industry-government cooperative effort to that end.

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It is a well-documented fact that technological breakthroughs in battery research are critical before the electric vehicle can become a viable option for commercial mass production. In this regard, ERDA already has adequate authority under the Energy Reorganization Act of 1974 and the Federal Nonnuclear Energy Research and Development Act of 1974 to conduct an appropriate electric vehicle development program. Under my fiscal year 1977 budget, ERDA will be spending approximately $10 million on electric vehicle research and development, with major emphasis placed on battery technology.

It is simply premature and wasteful for the Federal Government to engage in a massive demonstration program -- such as that intended by the bill -- before the necessary advanced batteries for such vehicles are developed.

Furthermore, the development of a completely new automobile for large-scale production is a monumental task requiring great sums of money and years of development. I am not prepared to commit the Federal Government to this type of a massive spending program which I believe private industry is best able to undertake. While the Government can decidedly play an important role in exploring particular phases of electric vehicle feasibility -- especially in the critical area of battery research -- it must be recognized that private industry already has substantial experience and expertise and continues to show great interest in the development of practical electric vehicle transportation.

THE WHITE HOUSE
September , 1976

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

To: J. Johnston
9-8-76
10:15 a.m.

SEP 8 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8800 - Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976
Sponsors - Rep. McCormack (D) Washington and 22 others

Last Day for Action

September 13, 1976 - Monday

Purpose

Authorizes in the Energy Research and Development Administration a Federal research, development and demonstration program designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles; provides an appropriation authorization of $160 million and $60 million in loan guarantee authority over a five-year period for the program.

Agency Recommendations

Office of Management and Budget	Disapproval (Veto Message attached)
Department of Transportation	Disapproval (Veto Message attached)
Department of Commerce	Disapproval (Veto Message attached)
Department of the Treasury	Concurs in a disapproval recommendation
Federal Energy Administration	Cites concern (Informally)
United States Postal Service	No objection

Environmental Protection Agency	No objection (Informally)
National Aeronautics and Space Administration	No objection
National Science Foundation	No objection
Department of State	No objection (Informally)
Energy Research and Development Administration	Approval
General Services Administration	Approval
Small Business Administration	Approval
Department of Agriculture	Approval
Department of Housing and Urban Development	Defers to ERDA (Informally)

Discussion

H.R. 8800 would create a major Federal program to develop and demonstrate electric and hybrid vehicles (the latter being those propelled by a combination of an electric motor and an internal combustion engine or other power source). As the focal point for the program, the enrolled bill would direct the Administrator of the Energy Research and Development Administration (ERDA) to establish and manage an Electric and Hybrid Vehicle Research, Development, and Demonstration Project. The major features of the Project would require:

- coordination, consultation and assistance from the Department of Transportation (DOT) and other Federal agencies in various phases of the Project;

- research and development in areas related to electric and hybrid vehicles capable of both personal and commercial use;

- development of both present and advanced performance standards and other criteria to be the basis for the purchase and delivery of the following demonstration electric and hybrid vehicles --

  (1) 2,500 current state-of-the-art vehicles within 39 months of enactment; and

(2) 5,000 advanced state-of-the-art vehicles within 72 to 78 months of enactment.

In both categories, the Project could utilize fewer vehicles if the stipulated numbers could not be delivered on time, but not less than 1,000 of the first category and 2,500 of the second category could be purchased;

- sale or lease of such vehicles to Federal agencies, State and local governments, and to other persons for personal or business use under terms and conditions which will promote their widespread use (including coverage of differential costs by ERDA);

- special actions to assure that small business concerns have an opportunity to participate in the Project;

- ERDA to guarantee principal and interest on loans, for a five-year period following enactment, in order to encourage the commercial production of electric and hybrid vehicles; such loans would:

  (1) require full repayment in not to exceed 15 years;

  (2) not exceed 90 percent of an activity's total cost;

  (3) be available only if credit is not available elsewhere and if repayment is reasonably assured; and

  (4) generally not exceed $3 million per loan and in the aggregate not exceed $60 million;

- ERDA, the U.S. Postal Service, the General Services Administration, the Department of Defense, and other Federal agencies to study the practicability of using electric and hybrid vehicles;

- application of the patent policy of the Federal Nonnuclear Energy Research and Development Act of 1974 to any contract issued under the program (that Act authorizes the Administrator to waive U.S. patent rights in certain cases);

- require ERDA to report frequently to the Congress concerning the program's progress and problems.

H.R. 8800 would also authorize the following appropriations for ERDA:

Fiscal Year	$ Millions
1977	30
1978	40
1979	25
1980	20
1981	45
Total	160

(Note: Monies received for vehicle sales or leases may be retained by ERDA, but the above authorizations would be reduced by equivalent amounts in the relevant fiscal year).

Finally, the enrolled bill would amend the National Aeronautics and Space Administration's basic charter to specifically authorize NASA to conduct ground propulsion systems research and development.

H.R. 8800 passed by 308 to 60 in the House and by 72 to 16 in the Senate.

In testimony before congressional committees on H.R. 8800 and similar bills, ERDA, DOT, and other Executive Branch agencies strongly opposed any move to expand the Federal role in electric and hybrid vehicle programs beyond the research and exploratory development stage. At the same time, the Administration did indicate its wholehearted

support for the goal of developing non-petroleum propulsion options for transportation. The Administration position was based on the following factors:

(1) Private industry already has substantial experience in this area and it continues to show interest in the development of a practical electric-powered vehicle. Primary responsibility for developing such vehicles and batteries to the point of commercial production should remain with industry.

(2) It is inappropriate to mandate to the Federal Government the direct managerial and supervisory role in such a massive electric vehicle development project.

(3) The Federal role should be limited to supporting research and development of critical components and systems for electric vehicles (primarily batteries, control systems, and hybrid power plants) through the exploratory and advanced development phases only. In this regard, ERDA's fiscal year 1977 appropriation provides $10 million which will be primarily applied to battery research.

(4) Existing battery technology is the largest and only major obstacle to developing viable electric vehicles. Until substantial progress is realized in developing a high performance battery, a massive demonstration project would be both premature and quite possibly counterproductive.

(5) The specified timetables for the development of performance standards and criteria, and for the purchase of vehicles, are too short to be carried out with effective results.

(6) The legislation is too costly given the current period of necessary fiscal restraint.

However, in its report on this legislation, the Senate Committee on Commerce noted that, in response to ERDA's stated concerns, the Committee had: (1) extended the period for developing and acquiring the demonstration vehicles and (2) given the Administrator some flexibility in acquiring less than the stipulated numbers of vehicles. The Committee concluded that:

> "The Federal Government will have to carry out a significant program of research, development, and demonstration of electric and hybrid vehicles, if these vehicles are rapidly to become a meaningful option to assist in counteracting this Nation's dependency on foreign sources of petroleum. Despite the fact that a large number of private companies have demonstrated a significant interest in the development of electric and hybrid vehicle technologies -- several companies are already actively selling such vehicles -- it is generally agreed that without Federal assistance and incentives, the rate of introduction of such vehicles into our transportation fleet will be slow. The high cost and risk of rapidly bringing out new transportation technology, the enormous present investment by the major automobile manufacturers in the internal combustion engine configuration, and the reluctance of the public to utilize new technology until its reliability is fully demonstrated, all stand in the way of accelerated electric and hybrid vehicle development. Access to capital markets to maintain significant research and development programs also continues to present difficulties in an area which is still considered speculative."

It should be noted that both the Senate and House versions of the second concurrent resolution for fiscal year 1977 make allowance for this program.

national problem of increasingly heavy dependence on foreign petroleum supplies by seeking to reduce the high level of energy use in the field of transportation, ERDA is prepared to fully implement the Act."

OMB Recommendation

We continue to view H.R. 8800 as unacceptable and concur in the Commerce, DOT, and Treasury recommendations for veto. The factors cited by the Administration in opposing this legislation are still fully relevant. Although some flexibility has been incorporated into the legislation, as noted previously, the fact remains that this legislation:

- is still unduly restrictive in the level and timing of required demonstrations and the requirements for reporting to Congress;
- is premature and costly;
- unduly preempts the private sector; and
- could have the unintended effect of being counter-productive by demonstrating on a large scale that electric and hybrid vehicles are not yet viable and thus inhibit longer-term public acceptance of such vehicles.

In addition, the modification of NASA's basic legislative charter is unnecessary to enable the scientific and engineering competence of NASA to be harnessed in support of ERDA's mission. Sufficient legislative authority now exists for NASA to perform energy R&D with pass-through funding from ERDA. Rather, this provision could undermine your decision during the review of the fiscal year 1977 budget that there should be no direct funding for energy R&D in NASA, and a precedent could be established for NASA to assume an active and independent role in nonaeronautics and space activities that may be better left to the private sector.

Moreover, your approval of H.R. 8800 would create strong pressure for also approving H.R. 13655, the Automatic Transport Research and Development Act of 1976. This latter legislation is analogous in many ways to H.R. 8800; it would create a $100 million program for ERDA and DOT to engage in extensive research and development leading to advanced automotive propulsion systems and vehicles. The conference report on H.R. 13655 has cleared the House and will likely be taken up in the Senate soon after the Labor Day recess.

We have prepared, for your consideration, a draft veto message.

James T. Lynn
Director

Enclosures

TO THE HOUSE OF REPRESENTATIVES

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It is a well-documented fact that technological breakthroughs in battery research are critical before the electric vehicle can become a viable option for commercial mass production. In this regard, ERDA already has adequate authority under the Energy Reorganization Act of 1974 and the Federal Nonnuclear Energy Research and Development Act of 1974 to conduct an appropriate electric vehicle development program. Under my fiscal year 1977 budget, ERDA will be spending approximately $10 million on electric vehicle research and development, with major emphasis placed on battery technology.

It is simply premature and wasteful for the Federal Government to engage in a massive demonstration program -- such as that intended by the bill -- before the necessary advanced batteries for such vehicles are developed.

Furthermore, the development of a completely new automobile for large-scale production is a monumental task requiring great sums of money and years of development. I am not prepared to commit the Federal Government to this type of a massive spending program which I believe private industry is best able to undertake. While the Government can decidedly play an important role in exploring particular phases of electric vehicle feasibility -- especially in the critical area of battery research -- it must be recognized that private industry already has substantial experience and expertise and continues to show great interest in the development of practical electric vehicle transportation.

THE WHITE HOUSE
September , 1976

VETO MESSAGE

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This bill would establish a ~~six~~ five-year, $160 million research, development and demonstration project within the Energy Research and Development Administration (ERDA) to promote the development of an electric vehicle that could function as a practical alternative ~~f~~ to the gasoline-powered automobile. One of the major objectives of the project would be the ~~purchase and~~ development and purchase by the Fed. Govt. of some 7,500 demonstration electric vehicles. Such development would cover ~~all phases including those~~ some of the areas private ~~private~~ industry stands ready to ~~undertake~~ pursue.

It is well-documented ~~f~~ that technological breakthroughs in battery research are ~~a prerequisite~~ necessary before the electric vehicle can become a viable option. It is simply premature and wasteful for the Federal government to engage in a massive demonstration program -- such as that intended by the bill -- before the ~~necessary advanced~~ required improvements in batteries for such vehicles are developed.

ERDA already has adequate authority under the Energy Reorganization Act of 1974 and the Federal Non-nuclear Energy Research and Development Act of 1974 to conduct an appropriate

GERALD R. FORD LIBRARY

electric vehicle development program. Under my fiscal year 1977 budget, ERDA will be focusing on all of the research areas that inhibit the development of practical electric vehicles, for widespread use by the Motoring Public. Included is an emphasis on advanced battery technology. Even assuming proper technological advances, the development of a completely new automobile for large-scale production is a monumental task requiring extensive investment of money and years of development. While the Government can play an important role in exploring particular phases of electric vehicle feasibility -- especially in the critical area of battery research -- it must be recognized that private industry already has substantial experience and interest in the development of practical electric vehicle transportation. I am not prepared to commit the Federal government to this type of a massive spending program which I believe private industry is best able to undertake.

9/10/76

SIGNING STATEMENT

Today, I have signed H.R. 8800, a bill which establishes within the Energy Research and Development Administration a program to develop and demonstrate electric and hybrid vehicles.

The program includes a five year, $160 million project involving the research, development and demonstration of some 7,500 electric vehicles. The legislation also authorizes a $60 million loan guarantee program to encourage small business participation in electric vehicle development and demonstration. Procurement of the first vehicles will be completed by 1979 with an advanced model delivered by 1982.

Because of the high risk involved in developing and demonstrating electric and hybrid vehicles, the private market cannot presently generate sufficient funds to increase the rate of introduction of these vehicles into our transportation system.

Although I am not in favor of Federal intervention in activities which have private sector funding, this type of Federal program is intended to facilitate ~~[getting off dead center]~~ the development of alternatives to oil fueled vehicles, and thus reduce our nations reliance on foreign petroleum supplies.

OK as edited
9/11/76

STATEMENT BY THE PRESIDENT

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September , 1976