National Automobile Dealers Association

LEGISLATIVE PRIORITIES – March 11, 2024

REQUIREMENT THAT TREASURY USE ITS AUTHORITY TO ADDRESS AUTO PRODUCTION DISRUPTION STILL NEEDED: INCLUDE H.R. 700/S. 443 IN CURRENT TAX PACKAGE

Supply chain disruptions, which were beyond auto dealers' control, significantly impacted dealers using the last-in first out (LIFO) accounting method. The resulting LIFO recapture triggered significant, unexpected tax liability that continues to harm many smaller, multi-generational family dealerships across the nation. Under current law, the Treasury Department has authority to provide extra time for businesses that utilize LIFO to replace depleted inventory if a "major foreign trade interruption" makes inventory replacement difficult or impossible. After Treasury declined to use its existing authority, despite pandemic-related global disruptions and drastically reduced auto production making it impossible for dealers to replenish new vehicle supply, the "Supply Chain Disruptions Relief Act" (H.R. 700/S. 443) was introduced. The bill, which Treasury has indicated it supports, would direct Treasury to use its existing authority to grant additional time for affected dealers to replace vehicle inventories and avoid the unintended, unexpected and significant tax liability triggered under LIFO recapture that will take years to recover. NADA recently sent a letter urging the Senate to add S. 443 to the "Tax Relief for American Families and Workers Act," (H.R. 7024). **Senate leaders should add the "Supply Chain Disruptions Relief Act," an overwhelmingly bipartisan and noncontroversial small business measure, to the House-passed tax package.**

NEW FTC RULE HARMS CAR BUYERS: SUPPORT APPROPRIATIONS LANGUAGE TO HALT THE RULE

The Federal Trade Commission (FTC) recently finalized its Vehicle Shopping Rule "VSR" (also known as the "CARS" Rule) that would overwhelm car buyers and small businesses with needless and additional costs, paperwork and a lengthened sales process affecting over 40 million consumer vehicle transactions per year. The FTC finalized the rule amid ongoing congressional oversight into the agency's vast regulatory overreach in proposing the rule, its lack of credible data-driven analysis, and significant process flaws. The FTC's rule would make the auto buying experience worse, not better, for consumers. NADA supports language in the FY 24 Financial Services and General Government appropriations bill (H.R. 4664) that stops the FTC from implementing or enforcing the VSR for FY 24. NADA, the American International Automobile Dealers Association (AIADA), and the National Association of Minority Automobile Dealers (NAMAD) sent a letter urging appropriators to keep this language in the final spending bill.

NADA also supports the "FTC REDO Act" (H.R. 7101/S. 3014) which would stop the VSR and require the FTC to follow certain procedures to ensure the rule is the result of an informed process if it chooses to "REDO" the rule. The bill requires the FTC to 1) issue an Advance Notice of Proposed Rulemaking; 2) conduct a quantitative study on auto retailing; 3) undertake consumer testing; and 4) publish a cost benefit analysis based on actual data. The FTC failed to perform these essential steps before finalizing its rule. **Members of Congress are urged to cosponsor the "FTC REDO Act" to stop the flawed VSR and prevent the FTC from needlessly imposing significant burdens and costs on consumers and small business dealers.**

EPA'S PROPOSED 67.5% ELECTRIC VEHICLE MANDATE GOES TOO FAR, TOO FAST

The Biden Administration has proposed a new regulation that would effectively require 67.5% of car sales be electric by 2032. New car and truck dealers are essential to sell and service electric vehicles (EVs) and already have spent or committed to spend $10 billion of their own capital in EV inventory and special tools, equipment, training, and recharging infrastructure needed for these vehicles. Despite federal incentives, consumers are not purchasing EVs in the quantities required for automakers to meet this government mandate.

The EPA proposal ignores real world consumer demand for EVs and as a result, goes too far, too fast. Consumers are not moving as fast as the proposed regulation, largely because other changes are needed to make EVs broadly attractive to consumers, i.e., affordability, a sufficient and reliable charging infrastructure, and acceptable charging speeds. A NADA-supported letter led by Rep. Lisa McClain (R-Mich.) and signed by 223 Republicans was sent to Republican leadership supportive of House language that would stop the EPA from spending money to finalize its EV mandate. While the provision was not included in the final FY 24 Interior-Environment appropriations bill, it is expected to be debated as part of the FY 25 appropriations bill. NADA also supports the "Choice in Automobile Retail Sales Act" or "CARS" Act (H.R. 4468/S. 3094) which would permanently stop the EPA from proceeding with its proposed EV mandate. H.R. 4468 passed the House on Dec. 6. **Members of Congress are encouraged to support efforts to counter EPA's overly aggressive EV mandate and attempts to effectively ban the sale of gas-powered cars.**