



November 27, 2017

Dear Dealer,

**I NEED YOUR HELP!**

As a fellow dealer, [I urge you to call your Senators](#) immediately with a critical message: *The Senate tax reform bill rushing through Congress must be fixed. Limits on the deduction of business interest, including floor plan interest, would hike taxes for many small business dealers. Senators must keep floor plan interest fully deductible.*

Unless we personally call our Senators TODAY and show that keeping deductibility of floor plan financing is vital to our survival in an industry that works on RAZOR thin margins, we could face a cap on our floor plan interest deduction. The Senate tax bill would limit the deductibility of business interest to 30 percent of our earnings before interest and taxes. And the floor plan interest cap would NOT reflect any reductions for floor plan assistance.

Think about that. What happens when we enter one of the rough patches we all have faced? For example, in a break-even year:

30% times \$0.00 earnings = \$0. Yes, \$0 floor plan interest would be deductible.  
That would trigger a tax bill for us when we made no money!

Your Senators need to hear from you about this terrible, unintended consequence of the Senate tax reform bill. What if this rigid formula had been in law before the Great Recession? Paying HIGHER Federal taxes in the depths of the recession would have shuttered more dealerships and created thousands of additional layoffs. We could not have led the nation into recovery as effectively as we did. Today, we generate 18 percent of all retail sales nationally and provide 1.1 million jobs, so we know what drives growth on Main Street. We do!

We dealers know that floor plan interest is different from other interest costs, but Senators need to better understand this small business issue and the impact on local communities in their state. Floor plan loans fund inventory, not capital investments. A cap on our deduction for inventory expenses could drive up costs for new vehicles, and our bottom line is already under attack. The pressure is only going to increase with national sales plateauing. And everyone knows the Fed is going to increase rates.

Many of us remember sky-high interest rates, oil embargos and other economic disruptions beyond our control. We can and will handle similar crises. That's what we always do. But we need a tax reform bill that creates economic growth, not tax changes that will drag down dealerships when we are fighting all the other challenges!

There is an easy fix – the House tax reform bill got it right and provides for full deductibility of floor plan interest. The Senate should follow the House's lead on this issue.

**If you know your Senator personally, now is the time to call him or her directly. CALL TODAY and TELL YOUR SENATORS TO FIX THIS PROBLEM BEFORE IT'S TOO LATE! ([Click here for Talking Points](#))**

Sincerely,  
**Mark N. Scarpelli**  
Chairman