LEGISLATIVE PRIORITIES – August 11, 2022

COSPONSOR AND PASS THE PANDEMIC-RELATED “SUPPLY CHAIN DISRUPTIONS RELIEF ACT” THIS YEAR (H.R. 7382/S. 4105)

Vehicle assembly plants and suppliers across the globe ceased or slowed production during the pandemic, drastically reducing new vehicle inventory. The shortfall worsened with the worldwide shortage of semiconductors, which are essential to complete vehicles manufactured today. With no way to replenish vehicle inventory, dealers using the last-in, first-out (LIFO) method of accounting face major unanticipated tax liability due to circumstances beyond their control. The Treasury Department has existing authority (Sec. 473 of the Internal Revenue Code) to grant relief to businesses if a “major foreign trade interruption” makes inventory replacement difficult. Despite broad bipartisan congressional support for Treasury to utilize Sec. 473 from nearly 100 House Members and 52 Senators, Treasury has declined as it believes additional legislative authority is needed.

Reps. Kildee (D-Mich.) and Arrington (R-Texas) have introduced the “Supply Chain Disruptions Relief Act” (H.R. 7382), which explicitly provides Treasury such legislative authority and allows businesses on LIFO extended time to replace vehicle inventories as pandemic-related global disruptions and reduced auto production have made it nearly impossible to replenish new vehicle supply. Sens. Brown (D-Ohio) and Scott (R-S.C.) introduced a companion bill, S. 4105. Members of Congress should cosponsor H.R. 7382/S. 4105 and pass the legislation this year.

OVERREACHING FTC VEHICLE TRANSACTION RULE WOULD COMPLICATE VEHICLE SALES AND HARM CONSUMERS

On July 13, without credible data-driven analysis, a strong understanding of the auto retail market or advance notice, the Federal Trade Commission (FTC) proposed the “Motor Vehicle Dealers Trade Regulation Rule,” a sweeping new rule that would unnecessarily complicate and lengthen the vehicle sales process. Unfair and deceptive acts or practices in vehicle advertising, sales or financing processes are already illegal and should continue to be policed by federal regulators. The Commission, however, has failed to justify that this proposed rule is warranted. The proposed regulation would fundamentally change the way that vehicles are retailed by increasing the paperwork for every transaction and adding onerous new recordkeeping requirements on small business, even though the agency already has enforcement authority to police any alleged wrongdoing in the proposed rule. The proposed rule would also duplicate and potentially conflict with existing federal and state consumer protections. The FTC hastily issued this notice of proposed rulemaking with only a 60-day public comment period. Congress should urge the FTC to stop its “rush to judgment” and extend the comment period for the proposed vehicle transaction rule since evidence-based analysis is necessary to avoid drastic, unintended consequences to consumers and small businesses.

SUPPORT BIPARTISAN CATALYTIC CONVERTER ANTI-THEFT LEGISLATION (H.R. 6394)

Catalytic converters are being stolen at increasingly higher rates due to their valuable metals, such as rhodium, platinum and palladium. Thefts reported in insurance company claims has sharply increased over the past three years, and the National Insurance Crime Bureau estimates that these thefts increased by 326% in 2020 and increased another 353% in 2021. Thieves can easily steal catalytic converters from unattended vehicles, and since catalytic converters are not readily traceable there is a lucrative market for these stolen parts. These thefts are costing businesses and vehicle owners millions of dollars. H.R. 6394, the “Preventing Auto Recycling Theft Act” (PART Act) would assist law enforcement in their efforts to combat this crime by providing a national framework that would mark catalytic converters, establish federal criminal penalties, and create a more transparent market that deters its theft. NADA and 14 other groups sent a letter to House Energy and Commerce Committee leaders in support of the PART Act. Members of Congress are urged to cosponsor H.R. 6394 to address the growing national problem of catalytic converter theft.