LEGISLATIVE PRIORITIES – December 8, 2022

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

Vehicle assembly plants and suppliers around 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. Without a 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 allow LIFO relief to businesses if a “major foreign trade interruption” makes inventory replacement difficult. Despite NADA’s petition and broad bipartisan support for Treasury’s use of Sec. 473, Treasury has declined as it believes additional legislative authority is needed. The “Supply Chain Disruptions Relief Act” (H.R. 7382/S. 4105) explicitly provides Treasury such legislative authority. Treasury recently indicated its support for a legislative solution to this issue and that they will work cooperatively with Congress to that end. Congress should pass H.R. 7382/S. 4105 this year to allow 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.

OPPOSE OVERREACHING FTC VEHICLE SHOPPING RULE WHICH WOULD COMPLICATE VEHICLE SALES AND HARM CONSUMERS

The Federal Trade Commission (FTC) recently proposed a “vehicle shopping” rule that would overwhelm car buyers and small businesses with additional paperwork and needlessly lengthen the sales process. The rule was proposed without credible data-driven analysis or the necessary time for public comment to avoid unintended consequences to consumers and small businesses. Unfair and deceptive practices in vehicle sales or financing are already illegal and should continue to be policed by federal regulators. However, the FTC’s proposed rule would make the auto buying experience worse, not better, for consumers. As the auto industry works to streamline the sales process post-pandemic, the FTC’s proposal will add inefficiency and complexity for dealers and car buyers.

The FTC’s “ready-fire-aim” rule needs to go back to the drawing board. The agency allowed only 60 days for public review of this rule, despite its widespread impact on consumers and small businesses. Also, the data the FTC relies upon to support its rule is either unverified, previously rebutted, anecdotal, or non-existent. It is especially concerning that the agency did not issue an Advanced Notice of Proposed Rulemaking (ANPRM) and denied a routine request for an extension of the public comment period. On November 29, Rep. Kelly Armstrong (R-N.D.) and 47 bipartisan and bicameral members of Congress sent a letter to the FTC urging the agency to withdraw its proposed “vehicle shopping” rule and instead issue an ANPRM. Members of Congress should continue to weigh in with the FTC and urge the Commission to withdraw its proposed rule and instead issue an ANPRM.

SUPPORT CATALYTIC CONVERTER ANTI-THEFT LEGISLATION (H.R. 6394/S. 5024)

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 have 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/S. 5024, the bipartisan “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. In May, 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/S. 5024 to address the growing national problem of catalytic converter theft.