

KILDEE INTRODUCES BIPARTISAN BILL TO PROVIDE TAX RELIEF TO CAR DEALERSHIPS

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Bill Would Help Small Businesses Impacted by Global Supply Chain Breakdowns

WASHINGTON—Congressman Dan Kildee (MI-08) today introduced the *Supply Chain Disruptions Relief Act* to provide relief to car dealerships that were hit with large tax bills due to pandemic-fueled disruptions to the global semiconductor supply chain.

“Car dealerships are important job creators in mid-Michigan and throughout America. Unfortunately, many dealers are facing enormous, unexpected tax bills because of unavoidable supply chain disruptions,” said Congressman Kildee. “I am proud to introduce legislation with broad bipartisan support from Republicans and Democrats to deliver much-needed relief to these small businesses.”

Car dealerships often use the Last-In First-Out (LIFO) inventory method, which requires that dealers of new vehicles maintain a minimum level of inventory at year’s-end or risk triggering a large tax bill. With fewer vehicles being produced due to semiconductor shortages, car dealers have struggled to maintain inventory, triggering large, unexpected tax liabilities for many dealerships. These tax bills would not have taken place without global supply chain disruptions.

The *Supply Chain Disruptions Relief Act*, which is supported by Republicans and Democrats, would give dealerships up to three years to replace their inventory before having to pay taxes on their inventory sales from 2020 or 2021, when global semiconductor shortages were most acute. This would give auto dealers time to restock their inventory as the chip supply increases and auto production returns to pre-pandemic levels.

Congressman Dan Kildee is again introducing this bipartisan legislation with Congressman Jodey Arrington (TX-19), the Chairman of the Budget Committee.

“We have all seen the empty car lots and skyrocketing costs for automobiles nationwide. Supply chain disruptions have resulted in massive inventory shortages and punitive tax penalties that uniquely impact the auto-industry, leading to adverse consequences for both consumers and employers. I am proud to team up with Rep. Kildee to ensure we grant temporary and targeted relief to those who cannot replenish their inventory at no fault of their own. Allowing these small businesses to build back their inventory and spread out their tax liability will not only help stabilize prices, but it will also help keep workers on payroll while manufacturing and supply chains continue to recover,” said Congressman Arrington.

“NADA commends Representatives Kildee and Arrington for their continued leadership to ensure the reintroduction of the Supply Chain Disruptions Relief Act, important bipartisan legislation to address supply chain and semiconductor shortages during the pandemic that severely impacted vehicle production. This legislation is identical to the bill from last Congress, which received overwhelming bipartisan support and passed the Senate without opposition in December. And it again provides the extended time dealers using LIFO need to replace their

new-car inventories that were decimated due to uncontrollable pandemic-and supply chain shortfalls. NADA urges Congress to pass this technical and noncontroversial legislation as soon as possible to help the auto industry continue its recovery from drastic inventory shortfalls resulting from the pandemic and semiconductor shortage,” said Mike Stanton, President and CEO of the National Automobile Dealers Association (NADA).

Thank you, Congressman Kildee for your continued leadership on legislation to help us as a small business deal with the global supply chain disruptions during the pandemic that made it impossible to replace our inventory. Having an extended LIFO timeframe to replace inventory will lessen the harmful ripple effects of greatly reduced car production during the pandemic and relieve some of the continuing uncertainty in the auto industry” said Randy Wise, Owner of Randy Wise Chevrolet in Flint.

“We truly appreciate the work Congressman Kildee is doing in Washington on behalf of small business dealers by re-introducing the Supply Chain Disruptions Relief Act. The significant tax ramifications from LIFO - that we have no control over -remain challenging. The extended time to replace vehicle inventory in this legislation will help us protect the livelihoods of our workers, supplement their wages, and help bolster the auto industry,” said Chad Wilson, General Manager of Wilson and Midland Ford Lincoln in Saginaw and Midland.

“The shortage of semiconductor chips and other production problems we experienced due to the pandemic prevented our automakers from replenishing our inventory over a long period. We appreciate Congressman Kildee’s leadership since without action, many Michigan small businesses will face a massive tax bill due to inventory shortages while we are still working to build back inventory, attract and keep skilled workers and make major investments in EV infrastructure,” said Chris Graff, Owner of Hank Graff Chevrolet in Davison.

Congressman Kildee has led bipartisan efforts to manufacture more chips here in America and protect Michigan businesses and workers from supply chain vulnerabilities. Kildee helped pass the CHIPS and Science Act into law in 2022 to encourage more chip manufacturing in America, which led to historic expansions at not one, but two semiconductor manufacturing plants in mid-Michigan.