

TESTIMONY OF THE
NATIONAL AUTOMOBILE DEALERS ASSOCIATION
BEFORE THE
U.S. ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, DC
May 9, 2023

Good morning. My name is Jeffrey Weber. I'm a Toyota and Lincoln dealer from Dubuque, IA. I am speaking today on behalf of NADA which represents more than 16,000 franchised motor vehicle dealerships that sell new and used motor vehicles and engage in service, repair, and parts sales. Together they employ more than 1,100,000 people nationwide, yet most are small businesses as defined by the Small Business Administration. I am the NADA Board Director from Iowa, current chair of NADA's Legislative Affairs committee and former chair of its Regulatory Affairs Committee.

NADA's members are on the front line each day providing household consumers and commercial customers the clean and safe motor vehicles that are so vital to their families and businesses. Importantly, customers have unique motor vehicle transportation needs, and their willingness and ability to pay for a new or used motor vehicle varies widely. As EPA moves forward with its rulemaking it must recognize that the motoring public is not monolithic and that, above all else, new mandates must be carefully tailored so as not to undermine vehicle affordability or performance.

The proposal sets out four very aggressive potential performance standard options for new Class 1 through 3 motor vehicles delivered for sale in MYs 2027-2032. Each of those options will ratchet down on NOx, particulate matter, and greenhouse gas emissions far beyond the very clean and green mandates that will already be in place under previously adopted rules. NADA has long supported continuous vehicle emissions improvements that can be delivered affordably and reliably to new vehicle household and commercial customers. And franchised dealerships fully intend to sell or lease at least as many MY 2027-2032 new motor vehicles as today, but they can only do so if those vehicles meet or exceed customer needs and are affordable.

Under EPA's proposal, vehicle manufacturers and their suppliers will have some flexibility regarding the technologies and fuels they choose to achieve compliance. This is critical, as no one motor vehicle technology or fuel will meet all customer needs, whether clean burning gas or diesel, plug-in electrics and hybrids, hydrogen or hydrogen fuel cells, natural gas, etc. What's more, very real concerns exist regarding the willingness and ability of customers to purchase or lease any new motor vehicles, regardless of technology or fuel type.

EPA estimates a zero emissions new vehicle sales penetration in MY 2032 of some 67-69 percent, up from today's 8 percent. Now, let me be clear: America's new car dealers are doing their part on the road to electrification of our vehicle fleet. They are investing billions of dollars in the training, equipment, facilities, and tools that will be necessary to successfully sell and lease electric vehicles (EVs). In fact, dealers are essential to the broad, mass market adoption the EVs that are now

beginning to arrive in our showrooms. But others, including government at all levels, need to do their parts as well.

NADA shares the legitimate concerns expressed by others in the auto industry, including the auto manufacturers, regarding EPA's estimates and the proposed performance standards upon which they are based. A meaningful growth in EV adoption will depend on a broad, unified strategy that considers the vital importance of consumer incentives, charging infrastructure, utility capacity, resources for battery manufacturing and the availability to consumers across the country of these newly-produced EVs themselves – just to name a few key factors.

I'm seeing and hearing this from the customers in my markets all the time. Every discussion we have with potential battery and fuel cell EV consumers centers around three concerns: refueling limitations, the availability of charging points, and affordability. A combination of these concerns is causing many interested EV customers to purchase vehicles with gas, hybrid, or plug-in hybrid powertrains, not battery-only EVs.

Regarding cost, franchised dealerships fully support federal, state, and local government and utility purchase incentives designed to help make plug-in and fuel cell vehicles affordable. And regarding refueling, franchised dealerships will continue to assist customers with the purchase and installation of at-home charging, to install fueling infrastructure at their own facilities, and to support new public infrastructure where customers can reliably and cost-effectively meet the refueling needs of new tech vehicles.

Continuous emissions performance requires more than just putting out new standards; EPA must recognize that environmental benefits can only be achieved by turning over the in-use fleet. This is especially important given that the average age of Class 1-3 motor vehicles on the road today is twelve years!

Mandates that make new vehicles so expensive or otherwise impractical that customers hold onto their existing vehicles or buy used vehicles will only delay, rather than accelerate, fleet turnover. Simply put, members of the motoring public have options. Rather than purchasing or leasing the cleanest, greenest, and safest, new vehicles, they can take advantage of franchised dealership service and parts operations to help keep their existing vehicles on the road. Alternatively, they can buy used vehicles that meet their needs at significantly lower costs than vehicles subject to new EPA mandates. Either scenario does little to benefit the environment and can lead to significant employment and economic disruption.

I thank EPA for the opportunity to testify on behalf of NADA today.