



February 5, 2024

The Honorable Chris Van Hollen
Chairman
Senate Financial Services and General
Government Appropriations Subcommittee
S-128, The Capitol
Washington, D.C. 20510

The Honorable Steve Womack
Chairman
House Financial Services and General
Government Appropriations Subcommittee
2000 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Bill Hagerty
Ranking Member
Senate Financial Services and General
Government Appropriations Subcommittee
S-146, The Capitol
Washington, D.C. 20510

The Honorable Steny Hoyer
Ranking Member
House Financial Services and General
Government Appropriations Subcommittee
1036 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Van Hollen, Ranking Member Hagerty, Chairman Womack and Ranking Member Hoyer,

On behalf of the National Automobile Dealers Association (NADA)¹, the American International Automobile Dealers Association (AIADA)², and the National Association of Minority Automobile Dealers (NAMAD)³, who collectively represent more than 16,000 franchised new car dealerships which employ 1.1 million people, we are writing in strong support of Sec. 530 of the House FY 2024 Financial Services and General Government (FSGG) appropriations bill ([H.R. 4664](#)). This [language](#) would stop until Sept. 30 the Federal Trade Commission (FTC) from implementing or enforcing the recently finalized “Vehicle Shopping Rule” (also known as the “CARS rule”). The Senate FSGG bill is silent on this issue. America’s franchised dealers urge that Sec. 530 be included in the FSGG conference report, as this new rule makes the car buying process longer, with five new untested required disclosure forms, and increases costs by over \$1 billion, which consumers and small business dealers will have to absorb. In addition, the untested mandates of the rule would add time and confusion to the car buying process *without any* benefit to consumers.

¹ NADA represents over 16,000 franchised automobile and truck dealerships with domestic and international nameplates in all 50 states which sell, finance, and lease new and used motor vehicles and engage in service, repair, and parts sales.

² Established in 1970, AIADA is the only national trade association with the sole purpose of representing America’s international nameplate automobile franchises. AIADA’s members make a positive economic impact both nationally and in the local communities they serve, providing over 543,000 American jobs.

³ The National Association of Minority Automobile Dealers, founded in 1980 and led by African American, Latino, and Asian/Pacific Islander auto dealers, represents ethnic minority automobile dealers in the United States. NAMAD is committed to increasing opportunities for ethnic minorities in all aspects of the automotive industry.

As you may be aware, on Jan. 18, two weeks after the FTC published the Vehicle Shopping Rule in the Federal Register, and facing a court challenge of the rule, the agency took the unilateral action to stay its own rule, stating that “the Commission has determined that it is in the interests of justice to stay the effective date of the Rule to allow for judicial review.” The FTC order also stated that its action would only “postpone implementation of the Rule by more than a few months, if at all.”⁴

Since the FTC has issued an order staying enforcement of the rule for an indefinite time to allow for judicial review (beyond its original effective date of July 30, 2024), we urge Congress to memorialize this postponement by including the Sec. 530 House language in the FSGG conference report.

Inclusion of this provision in the conference report serves the public interest in four important ways: (1) it provides certainty to regulated businesses for the rest of the fiscal year; (2) every prohibited behavior addressed in the Vehicle Shopping Rule is already illegal, meaning no consumer protection would be diminished by the inclusion of the House language; (3) the FTC’s unprecedented action to stay its own rule is a tacit admission that the rule is legally flawed; and (4) dealers and their customers should be protected from potentially having to absorb the rule’s substantial costs, which is currently paused until a date uncertain, and that may later be struck down.

The Vehicle Shopping Rule was born from a flawed rulemaking process that failed to meet the FTC’s own procedural and statutory requirements,⁵ i.e., no issuance of an Advance Notice of Proposed Rulemaking, an insufficient 60-day public comment period for a massive rule of this nature, a failure to conduct a quantitative study on auto retailing, a failure to undertake consumer testing of any new mandates, and a failure to perform an accurate cost-benefit analysis. Legislation ([S. 3014](#)) was introduced by Sens. Jerry Moran (R-Kan.) and Joe Manchin (D-W.Va.) to rectify these [procedural flaws](#).⁶ There is ample bipartisan, bicameral concern over the substance of this rule, its impact on consumers, and the FTC’s rush to judgment, as four congressional letters have been sent to the FTC and one to the Federal Reserve Board on the proposed rule.⁷

⁴ See https://www.ftc.gov/system/files/ftc_gov/pdf/P204800CARSExtensionOrder.pdf

⁵ 5 USC § 706(2)

⁶ A similar bill ([H.R. 7101](#)) was introduced in the House by Rep. Kelly Armstrong (R-N.D.) on Jan. 29, 2024.

⁷ The letters are:

1. Rep. Kelly Armstrong (R-N.D.) – bipartisan [letter](#) signed by 40 House members and six Senators urging the FTC to withdraw the proposed rule and issue an ANPRM.
2. Rep. Chris Pappas (D-N.H.) - Rep. Doug LaMalfa (R-Calif.) – letter [signed](#) by 29 House members urging the FTC to reopen the comment period.
3. Sen. Cynthia Lummis (R-Wyo.) – [letter](#) signed by six Republican Senate Commerce, Science, and Transportation Committee members questioning all aspects of the proposed rule.
4. Rep. Glenn Thompson (R-Pa.) – [letter](#) opposing the proposed rule, calling it “grossly misguided.”

As a result of this flawed rulemaking process, the final rule will make the car-buying process worse, not better. For example, the rule will require more time and paperwork in the dealership, including five new untested required disclosure forms⁸ which will increase transaction times for consumers. The rule will cost over \$1 billion to implement⁹ and require 1.595 million “overall annual hours of burden” for “collections of information” alone.¹⁰ Additionally, all harms the rule is designed to address are already addressed under existing law¹¹ which the agency has sufficient enforcement authority to police. The rule also unfairly contains a partial exemption for direct sellers like Tesla.¹²

America’s franchised dealers urge the Senate to recede to the suggested amended House language below to protect the car buying public and small business dealers from the FTC’s flawed rule:

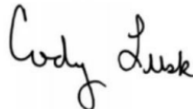
Sec. XXX. None of the funds appropriated by this Act may be used to implement or enforce the rulemaking entitled “Combating Auto Retail Scams Trade Regulation Rule” (89 Fed. Reg. 590 (Jan. 4, 2024)).

Thank you for your consideration.

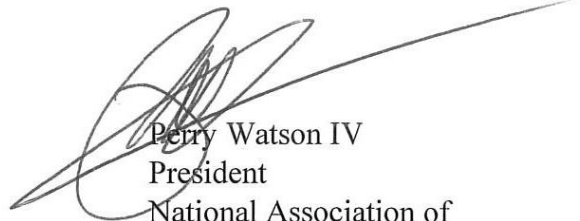
Sincerely,



Mike Stanton
President and CEO
National Automobile
Dealers Association



Cody Lusk
President and CEO
American International
Automobile Dealers Association



Perry Watson IV
President
National Association of
Minority Automobile Dealers

5. Rep. Blaine Luetkemeyer (R-Mo.) - Rep. David Scott (D-Ga.) – [letter](#) to the Federal Reserve Board pointing out that the proposed rule conflicts with the Truth in Lending Act, which is under the jurisdiction of the Federal Reserve Board.

⁸ 89 Fed. Reg. 625 (Jan. 4, 2024)

⁹ 89 Fed. Reg. 667 (Jan. 4, 2024)

¹⁰ 89 Fed. Reg. 661 (Jan. 4, 2024)

¹¹ See 89 Fed. Reg. 602 (Jan. 4, 2024) – (“The law already prohibits misrepresentations...”) and 89 Fed. Reg. 611 (Jan. 4, 2024) (“...dealers are already prohibited from engaging in deceptive acts or practices...”)

¹² 89 Fed. Reg. 608 (Jan. 4, 2024)