



February 14, 2024

The Honorable Chuck Schumer  
Majority Leader  
322 Hart Senate Office Building  
Washington, D.C. 20510

The Honorable Mitch McConnell  
Minority Leader  
317 Russell Senate Office Building  
Washington, D.C. 20510

The Honorable Ron Wyden  
Chairman, Committee on Finance  
221 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Mike Crapo  
Ranking Member, Committee on Finance  
239 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Leader Schumer, Leader McConnell, Chairman Wyden, and Ranking Member Crapo,

The National Automobile Dealers Association (NADA), representing over 16,000 franchised automobile dealerships and collectively 1.1 million employees nationwide, strongly urges that the bipartisan and noncontroversial "[Supply Chain Disruptions Relief Act](#)" (S. 443/H.R. 700) be added to H.R. 7024, the "Tax Relief for American Families and Workers Act of 2024," when considered by the Senate.

S. 443 would simply require the Treasury Department to use its existing authority and allow extra time for dealers who utilize the Last In First Out (LIFO) accounting method to replace inventory depleted due to pandemic-related foreign trade interruptions. This is still a time sensitive issue, particularly for small family dealerships, and the Treasury Department has [indicated](#) it is ready to implement the measure once Congress enacts it into law.

When supply chain disruptions and chip shortages severely impacted the auto industry during the pandemic, congressional sponsors of S. 443/H.R. 700 worked with the Treasury Department to resolve this LIFO tax recapture issue since the facts and circumstances met the requirements under current law ([Section 473 of the tax code](#)).

Section 473 provides extra time for businesses that utilize LIFO to replace depleted inventory if a "major foreign trade interruption" makes inventory replacement difficult or impossible. In this instance, LIFO recapture during the pandemic triggered significant, unexpected tax liability for dealerships due to circumstances beyond their control that will take years to recover from, especially for many smaller, multi-generational family dealerships. After Treasury declined to use its existing authority, S. 443/H.R. 700 was introduced and would direct Treasury to use existing authority to allow dealers who use LIFO more time to replace inventory from 2020 and 2021 before calculating their LIFO recapture.

Legislation identical to S. 443 passed the Senate by unanimous consent on Dec. 22, 2022 (S. 4105 in the 117<sup>th</sup> Congress), but time ran out for the House to take up the bill before the end of the Congress.

S. 443/H.R. 700 currently has strong bipartisan support with [63 Senate cosponsors and 167 House cosponsors](#) including [three quarters](#) of the Senate Finance Committee and House Ways and Means Committee. During the House Ways and Means Committee markup of the tax package on Jan. 19, several committee members stressed the need to pass the “Supply Chain Disruptions Relief Act” into law.

NADA urges you to strengthen the tax package by including the “Supply Chain Disruptions Relief Act,” as it has widespread support and is consistent with promoting economic growth. Dealerships are generally family-owned and operated, and many continue to face significant capital constraints, especially as dealers invest their own capital to maintain inventories for electric vehicles, expand employee training, and provide charging infrastructure. Most dealerships have served their local communities for decades. They are vital contributors to our national and local economies and are significant employers, providing well-paying jobs, with the franchised dealer in some communities being one of the largest private employers. The “Supply Chain Disruptions Relief Act” will help dealerships across the country continue to play that vital role.

Thank you for your consideration of this important small business issue. For more information, please have your staff contact Ivette Rivera ([irivera@nada.org](mailto:irivera@nada.org)) with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Stanton". The signature is fluid and cursive, with a prominent initial "M" and a stylized "S".

Mike Stanton  
President and CEO

cc: Members of the Senate Finance Committee  
The Honorable Mike Johnson, Speaker of the House  
The Honorable Hakeem Jeffries, House Minority Leader  
The Honorable Jason Smith, Chairman, House Committee on Ways and Means  
The Honorable Richard Neal, Ranking Member, House Committee on Ways and Means  
Members of the House Committee on Ways and Means