

THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

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Dealers Converge on Capitol for NADA Washington Conference

In 1917, approximately 30 auto dealers gathered in Washington D.C. to visit their members of Congress to fend off a proposed 5% luxury tax on automobiles.

Fast forward 105 years later, and 400 dealers and dealer association executives from across the country have gathered this week for two days of education

and advocacy on the automotive retailing industry's top legislative and regulatory issues during NADA's 47th annual Washington Conference.



(From left): David Regan, Ivette Rivera and Michael Harrington from NADA's legislative office review policy priorities for the attendees of the 2022 NADA Washington Conference.

A luxury tax was not on this year's agenda, but plenty of other issues were, including a proposed rule by the Federal Trade Commission (FTC) that would have massively negative implications on consumers and the vehicle sales process, LIFO accounting relief for dealers, and legislation to fight catalytic converter theft.

Tuesday, September 13, kicked off with a morning session for "Next Generation" (NextGen) dealers, followed by a lunch plenary featuring the NADA legislative team overviewing current policy priorities. Breakout sessions followed, which dove deeper into the details of those issues. Wednesday featured more educational opportunities, and throughout dealers had been encouraged to maximize their time in Washington by setting meetings with their elected representatives. Now more than ever, it is critical that federal legislators here from their constituents on the topics affecting them. The top three issues facing dealers are outlined in more detail below.

FTC Vehicle Transaction Rule to Complicate Vehicle Sales

By far the most important and potentially disruptive policy issue today is the Federal Trade Commission's (FTC) recently proposed "vehicle transaction" 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 they 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 purchase process in the aftermath of the pandemic, the FTC's proposal will swamp dealers and car buyers with greater inefficiency and complexity.

The FTC's "ready-fire-aim" rule needs to go back to the drawing board. The agency has allowed only 60 days for the public to review this rule, despite its widespread impact on consumers and small businesses. Moreover, 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 denied a routine request for an extension of the public comment period. Members of Congress are urged to weigh in with the FTC to ensure that this rulemaking process is fair and based on valid research and data rather than assumptions.

Supply Chain Disruptions Relief Act to Bring LIFO Relief

Although the looming FTC vehicle transaction rule is the most ominous and important policy matter facing dealers today, another major need has to do with LIFO Relief. After vehicle assembly plants and suppliers around the globe ceased or slowed production during the pandemic, new vehicle inventories were drastically reduced. The shortfall worsened with the worldwide shortage of semiconductors, which are essential to complete vehicles manufactured today. With no 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 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 this authority, Treasury has declined as it believes additional legislative authority is needed. The "Supply Chain Disruption Relief Act" (H.R. 7382/S. 4105) explicitly provides Treasury such legislative authority. Dealers should encourage their congressional representatives to pass this bill 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.

Fight Rising Catalytic Converter Theft

The third federal policy priority for car dealers to be aware of surrounds the theft of catalytic converters. Catalytic converters are being stolen at increasingly higher rates due to their valuable metals, such as rhodium, platinum and palladium. 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 millions of dollars to businesses and individual vehicle owners alike. In addition, replacing a catalytic converter is costly and often difficult due to the part's skyrocketing demand and supply chain shortages. Dealers should encourage their local congressmen to pass H.R. 6394, the "Preventing Auto Recycling Theft Act" (PART Act), which would assist law enforcement in their efforts to combat catalytic converter theft by marking catalytic converters and creating a more transparent market that deters its theft.

WANADA Tag & Title Partner Adds Processing for New York

Early this year, WANADA partnered with Maria's Tag & Title to offer our members a solution for processing title work. Many dealers have already signed up and found the additional processing outlet useful. Whether you are short on title agents or need assistance with out-of-state transactions, Maria's is available to assist. They recently added the ability to process title transactions for New York to their growing slate of jurisdictions, which now include DC, Maryland, Virginia, Pennsylvania, Delaware, West Virginia, and North Carolina. Dealers can outsource as much or as little as they like. After enrolling, WANADA members will pay \$75/transaction, which is a significant savings from other third-party vendors.

To enroll your dealership, email mariastagtitle@gmail.com and copy Joe Koch (jk@wanada.org) to enroll. You can also peruse their document library at <https://www.mariastagtitle.com/wanada/>. Contact Joe Koch at 202-821-5824 or jk@wanada.org if you have any additional questions.

Save the Date for the 2022 WANADA Annual Meeting!

Currently slated for the evening of November 9 at Columbia Country Club in Chevy Chase, MD, the 2022 WANADA Annual Meeting will be a departure from previous formats.

"We want to change it up every few years," said WANADA President & CEO John O'Donnell. "The Ritz in Tysons Corner will likely continue to be our standard destination, but we wanted to gather everyone for an elevated experience now that the pandemic seems to be well and truly behind us."

The evening will begin with a 5:30 p.m. networking reception, followed by dinner, business and entertainment from 6:30 – 8:30. Confirmed speakers include leading auto industry analyst Glenn Mercer and comedian Tom Shillue.

Glenn Mercer is a well-known automotive industry analyst with decades of experience, first consulting with McKinsey & Company and as an independent contractor, writer and speaker since 2006. Well-traveled on the dealer circuit, Glenn will be familiar to many of WANADA's members, as he is a regular at the NADA Show and has spoken to the WANADA Board as well. He is an advisor to numerous investment firms, notably Greenbriar, Baillie Gifford, and currently Alliance Bernstein; also academic entities (e.g. IMVP), and others (e.g. the Automotive X Prize).

Current host of The Quiz Show and UN-PC on Fox Nation, Tom Shillue frequently appears on The Greg Gutfeld Show and The Five on Fox News Channel. Tom has appeared in his own Comedy Central Stand-Up Special, on The Late Show with Stephen Colbert, Conan, Late Night, Last Comic Standing, and was a correspondent on The Daily Show. Tom frequently appears on The Tonight Show Starring Jimmy Fallon as part of “The Rag Time Gals,” Jimmy’s barbershop quartet, performing alongside such guests as Justin Timberlake, Kevin Spacey, Steve Carell, Sting, and Tina Fey. The Gals’ videos have been viewed over 50 million times! Tom’s first book, *Mean Dads For A Better America: The Generous Rewards Of An Old-Fashioned Childhood*, was released on Harper Collins’ Dey St. Books. You can currently see Tom perform in theaters across the US, with Greg Gutfeld, on The Gutfeld Monologues Live Tour.

Save the Date for the WANADA Annual Meeting and registration details will be forthcoming soon. The 2022 WANADA Annual Meeting is generously sponsored by BG Crovato Products & Services, Chesapeake Contracting Group, Citrin Cooperman, Penney Design Group, The Keats Group at RBC Wealth Management, and Truist.

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