



NATIONAL AUTOMOBILE  
DEALERS ASSOCIATION

June 9, 2020

The Hon. Roger Wicker  
Chairman  
Senate Commerce, Science,  
and Transportation Committee  
Washington, D.C. 20510

The Hon. Greg Walden  
Ranking Member  
House Energy and Commerce Committee  
Washington, D.C. 20515

Dear Chairman Wicker and Ranking Member Walden,

Thank you for your letter regarding the new challenges facing the automotive industry caused by the coronavirus pandemic. The National Automobile Dealers Association (NADA) represents more than 16,000 franchised new car and truck dealerships which sell, service and repair new and used vehicles in all 50 states. A significant portion of NADA's members are small businesses as defined by the Small Business Administration. On behalf of NADA, we appreciate the opportunity to inform you about the efforts of America's franchised dealers as the country faces this unprecedented crisis.

Like other important domestic industries, automotive retailing has been impacted by the dire economic consequences of the pandemic. At the beginning of 2020, NADA estimated sales of 16.8 million vehicles this year, which reflects the general good health of our economy before mid-March. NADA's latest forecast on annual sales is now 13-13.5 million units, and we do not expect sales to fully rebound until 2022. In April, total vehicle sales were down by 46.6% compared to April 2019. In both April and May, new vehicle fleet sales fell more than retail sales. New vehicle retail sales in April declined by 40.4% while fleet sales fell by 72.8%. Total sales in May were down by 28.8% compared to that same month last year. New vehicle retail sales fell by 17.4% while fleet sales fell by 71.9%. The seasonally adjusted annual rate (SAAR) for April was 8.6 million vehicles, which is the lowest SAAR since 1981.

Because of a precipitous decline in sales, coupled with government-ordered closures, the Bureau of Labor Statistics estimated that in April there were 258,000 job losses at franchised dealerships. In a matter of weeks, franchised dealers went from employing 1.148 million people to 890,300 people, a decline of 22.5%.

To help mitigate the health and economic damage of the pandemic, dealers have made investments offering pick-up and delivery service so customers do not have to leave their homes; extended service hours to accommodate more people; implemented extensive sanitization procedures; minimized human contact and exposure throughout the repair and maintenance processes; and closed customer lounge areas as a precaution. Many dealers

have been selling vehicles by appointment or entirely online. For service customers, it is now routine for a dealer to completely sanitize the interior of a vehicle.

Dealers are also aiding the communities in which they operate. Most dealerships are small, family-owned businesses with deep ties to their community. The dealers' response to the pandemic has been the same as their responses in the aftermath of other natural catastrophes. Below are ten examples of dealers supporting their communities during the pandemic:

1. Nevada Franchised Auto Dealers Association and the Southern Nevada Franchised New Car & Truck Dealer Association donated \$100,000 to the state's COVID-19 Emergency Response Fund.<sup>1</sup>
2. Bob Butler Auto Group of Indianapolis pledged \$100,000 to Riley Children's Foundation's new relief fund to help families impacted by COVID-19.<sup>2</sup>
3. Gerald Auto Group of Naperville, Ill. donated 45 rounds of cleaning services to a homeless center and \$20,000 to area educational funds to assist families in need.<sup>3</sup>
4. The South Carolina Automobile Dealers Association donated \$100,000 to the Red Cross of South Carolina.<sup>4</sup>
5. Giles Automotive of Lafayette, La. offered essential errand runs for senior citizens in the Lafayette and Opelousas areas during the stay at home order.<sup>5</sup>
6. Schaller Auto Group of New Britain, Conn. provided free Wi-Fi to support students in their local community by installing networks in cars and parking them in neighborhoods around the city during the weekdays when classes would normally meet.<sup>6</sup>
7. Tommy Car Auto Group of Northampton, Mass. donated \$10,000 to local healthcare workers through its "Donate to Feed" and "Donate to Protect" initiatives.<sup>7</sup>

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<sup>1</sup> *Ten things to consider before buying your next Class 8 truck*, PAHRUMP VALLEY TIMES (May 5, 2020), <https://pvtimes.com/news/nevada-auto-dealerships-make-donations-for-health-workers-84486/>.

<sup>2</sup> Randall Newsome, *Riley foundation launches fund to help families*, WISH-TV (March 31, 2020), <https://bit.ly/3bLkEgO>.

<sup>3</sup> Marie Wilson, *Donated janitorial services keeping Aurora shelter clean*, DAILY HERALD (April 10, 2020), <https://bit.ly/2VqAasT>.

<sup>4</sup> *Red Cross receives \$100,000 from South Carolina Automobile Dealers Association (SCADA) to Help Keep Adequate Blood Supply and Storm Relief*, AMERICAN RED CROSS (April 23, 2020), <https://www.redcross.org/local/south-carolina/about-us/news-and-events/news/red-cross-receives-gift-from-scada.html>.

<sup>5</sup> Sylvia Masters, *Giles Automotive running errand services for senior citizens*, KLFY (April 14, 2020), <https://bit.ly/2xFFJdQ>.

<sup>6</sup> Don Stacom, *New Britain takes Wi-Fi on the road to reach students who haven't logged into online learning*, HARTFORD COURANT (May 2, 2020), <https://www.courant.com/coronavirus/hc-news-coronavirus-new-britain-wifi-hotspot-20200502-crmwwbw335hbfcq4gv5id4lrhi-story.html>.

<sup>7</sup> *TommyCar Auto Group Donates \$10,000 To Support Local Healthcare Workers*, BUSINESSWEST.COM (April 14, 2020), <https://bit.ly/2KhrK0N>.

Ariana Tourangeau, *Local auto group helping to feed health care workers during pandemic*, WWLP (June 4, 2020), <https://bit.ly/3cwqnav>.

8. Red Rock Ford of Williston, N.D. provided 30 vehicles to community members who were providing essential items to those unable to leave their homes.<sup>8</sup>
9. Hodges Mazda of Jacksonville, Fla. offered free oil changes and car washes to health care workers.<sup>9</sup>
10. Chaparral Buick & GMC of Johnson City, Tenn. is offering free oil changes to first responders, nurses, doctors, and hospital staff.<sup>10</sup>

Your letter also asked for examples of policies Congress can enact to help the automotive sector. While the CARES Act and its subsequent amendments have been beneficial overall to most franchised dealers, and literally a lifeline for some, we urge Congress to also provide temporary and targeted liability protections for businesses struggling to reopen and operate safely during the pandemic. More legal protections for businesses that work to follow applicable public health guidelines against coronavirus exposure claims are appropriate to guard against the enormous legal costs associated with defending against coronavirus-linked lawsuits.

Heavy-duty truck sales have fallen precipitously in recent months. American Truck Dealers (ATD), a division of NADA, represents over 1,800 franchised commercial truck dealerships that in 2019 employed more than 125,000 people nationwide. The impact of the economic contraction caused by the pandemic on the trucking industry has been rapid, severe and without parallel. The *Wall Street Journal* reported an estimated 73% decline in Class 8 truck orders from April 2019 compared to April 2020.<sup>11</sup> According to Freight Transportation Research Associates, a transportation intelligence firm, this figure is the lowest since 1996, the year in which they first tracked truck orders. This year, truck sales are expected to decline by 50%.<sup>12</sup> Notably, heavy-duty truck manufacturers have a strong domestic presence with several factories in the United States.

A sustainable national economic recovery depends on maintaining the flow of goods provided by trucks, so Congress should provide a catalyst to restart domestic truck factories and bring back commercial customers to dealer stores. The fastest and most direct way for Congress to aid the economic recovery and the trucking industry is to suspend the 12% Federal Excise Tax (FET) on heavy-duty trucks and trailers until the end of 2021. This proposal to incentivize truck and trailer sales during this difficult and unprecedented economic period has broad support across the entire trucking industry, including OEMs,

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<sup>8</sup> Marcus Hendrickson, *Williston dealership uses inventory of vehicles to assist small businesses*, NDTODAY (April 8, 2020), <https://bit.ly/2VcEXwM>.

<sup>9</sup> Jennifer Waugh, *Jacksonville dealership says thank you to health care workers with free oil change*, NEWS4JAX (April 1, 2020), <https://bit.ly/2RaJ4s1>.

<sup>10</sup> Chris McIntosh, *Chaparral Buick & GMC is offering free oil changes to first responders, nurses, doctors, and hospital staff*, WJHL (August 13, 20120), <https://bit.ly/3ezMfDD>.

<sup>11</sup> Jennifer Smith, *Heavy-Duty Truck Orders Plunge to Record Low*, WALL STREET JOURNAL (May 5, 2020), <https://www.wsj.com/articles/heavy-duty-truck-orders-plunge-to-record-low-11588703131>.

<sup>12</sup> Esha Dey, *U.S. Truck Retail Sales May Decline 50% This Year, Citi Predicts*, BLOOMBERG (March 31, 2020), <https://www.bgov.com/core/news/#!/articles/Q82KDGT0AFB6>.

suppliers, and purchasers. The industry supports suspension of the FET because it would immediately spur the purchase of new heavy-duty trucks and trailers and help support the livelihoods of the 7.8 million Americans in trucking-related jobs.

On April 28, ATD and 116 other organizations, including the American Truck Associations (ATA) and the Motor & Equipment Manufacturers Association, [sent a letter to congressional leaders](#) urging suspension of the 12% FET and other groups have joined in support since then.

To demonstrate how FET suspension would provide economic stimulus, ATA recently conducted a [survey](#) of trucking fleets on the impact FET suspension could have on the trucking industry. The survey found that nearly 60% of fleets were somewhat or very likely to buy additional trucks and/or trailers beyond their scheduled buy if the FET was eliminated.

Unlike other stimulus programs, FET suspension does not require doing more paperwork, learning new compliance rules, or creating a new bureaucracy. We urge Congress to suspend the FET to save and restore jobs in the trucking industry, spur the sale of new, cleaner and safer trucks, and provide critical sales tax revenue.

Thank you for your consideration of our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter K. Welch". The signature is fluid and cursive, with the first name "Peter" being the most prominent.

Peter K. Welch  
President and CEO