NADA Legislative Priorities—September 12, 2019

TRADE POLICIES SHOULD NOT THREATEN U.S. JOBS OR HARM U.S. CONSUMERS

Automobile dealers support President Trump's goals of modernizing U.S. trade agreements and moving toward freer and fairer trade, but certain policies, such as steep new tariffs of up to 25% on imported autos and auto parts, would hurt the auto industry and consumers. Pursuant to a Section 232 national security investigation on autos and auto parts, the Commerce Department concluded that "automobile and certain automobile parts imports threaten to impair" national security, so the administration now has the authority to impose new tariffs. However, President Trump has delayed any decision to impose auto tariffs as negotiations with international partners continue.

New auto tariffs would adversely impact all dealers, since no vehicle in the U.S. is 100% domestically made, and the average vehicle assembled in the U.S. has an international parts content of 40%. According to a recent study by the Center for Automotive Research, Section 232 auto and auto parts tariffs would increase vehicle prices by $2,750 on average per vehicle, cause a decline of up to 1.3 million vehicle sales and result in a loss of 367,000 American jobs.

NADA supports modernizing America's trade agreements, such as the U.S.-Mexico-Canada Agreement (USMCA). This agreement would continue the tariff-free exchange of vehicles within North America, the largest source of vehicles sold by U.S. dealers. Approval of USMCA would preserve the competitiveness of the U.S. automotive industry and reduce the threat of tariffs on autos and auto parts produced in North America. The administration and Congress currently are negotiating implementing legislation for the agreement. **These negotiations should be expedited, and Congress should vote on the USMCA implementing legislation this year.**

OVERBROAD RECALL BILL WILL CREATE A CONSUMER TRADE-IN TAX (S. 1971)

Sen. Richard Blumenthal (D-Conn.) recently introduced S. 1971, legislation that would cripple the used-vehicle market by halting a dealer's sale, lease, wholesale or loan of used vehicles under any open recall. The bill is overbroad because most recalls do not require the drastic step of grounding. Additionally, the bill would create a "trade-in tax" that would instantly devalue a car buyer's trade-in by grounding recalled vehicles for minor matters such as a peeling sticker. Finally, the bill would push recalled vehicles into the unregulated private market, making it more difficult to complete recall repairs. Similar legislation will likely be introduced in the House of Representatives. **Congress should oppose overbroad recall legislation and focus on initiatives to improve consumer response to vehicle recall notices and increase recall completion rates.**

MODERNIZE THE TRUCK FLEET—SUPPORT REPEAL OF THE FEDERAL EXCISE TAX ON HEAVY-DUTY TRUCKS (H.R. 2381/S. 1839)

During consideration of an infrastructure bill, Congress should revisit the 12% federal excise tax (FET) imposed on most new heavy-duty trucks. On top of the nearly $40,000 in recent federal emissions and fuel-economy mandates, this tax routinely adds as much as $22,000 or more to the price of a new heavy-duty truck. An industry coalition, Modernize the Truck Fleet (MTF), is leading the effort to repeal the 102-year-old FET and identify viable funding alternatives.

Reps. Doug LaMalfa (R-Calif.) and Collin Peterson (D-Minn.) introduced H.R. 2381 on April 29 to repeal the FET. The bill currently has 25 bipartisan cosponsors and was referred to the House Ways and Means Committee. The Senate companion bill, S. 1839, was introduced by Sen. Cory Gardner (R-Colo.) on June 13 and referred to the Senate Finance Committee. **Members are urged to cosponsor H.R. 2381/S. 1839 to spur new-truck sales, promote the deployment of cleaner, safer trucks and modernize the truck fleet.**