



June 3, 2024

The Honorable Dave Joyce
Chairman
House Financial Services and General
Government Appropriations Subcommittee
2065 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Steny Hoyer
Ranking Member
House Financial Services and General
Government Appropriations Subcommittee
1705 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Joyce 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 including a provision in the FY 25 Financial Services and General Government (FSGG) appropriations bill which would stop until Sept. 30, 2025 the Federal Trade Commission (FTC) from implementing or enforcing its recently finalized Vehicle Shopping Rule (also known as the “CARS rule”). A new study of this rule found that it will increase costs by \$24.1 billion, which consumers and small business dealers will have to absorb.⁴ Overall, the mandates of the rule would add an additional 60 to 80 minutes to the car buying process and cost consumers \$1.3 billion per year in lost time.⁵

On Jan. 18, two weeks after the FTC published the Vehicle Shopping Rule in the Federal Register, and facing a court challenge, 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.”⁶ But, since there is no date certain for this rule to be enforced, dealers across the country must nonetheless begin the expensive and time-consuming process of complying with this entirely new regulatory regime now. A provision in the FSGG appropriations bill temporarily blocking implementation and enforcement of this rule

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.

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.

⁴ Center for Automotive Research, “*Assessment of Cost Associated with the Implementation of the Federal Trade Commission Notice of Proposed Rulemaking, CFR Part 463 Addendum*,” p. 12 (June 2024).

⁵ *Ibid.*, p. 10

⁶ See https://www.ftc.gov/system/files/ftc_gov/pdf/P204800CARSExtensionOrder.pdf

will give America’s franchised dealers regulatory certainty in the short term, with no diminution in consumer protection.

Inclusion of this provision in the FY 25 FSGG appropriations bill is consistent with the public interest in four other important ways: (1) a pause would allow the other committees of jurisdiction to conduct the proper oversight of this flawed rule; (2) every prohibited behavior addressed in the Vehicle Shopping Rule is already illegal, meaning no consumer protection would be diminished by its inclusion in the FSGG appropriations bill; (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 may be struck down by a federal court.

The Vehicle Shopping Rule was born from a flawed rulemaking process that failed to meet the FTC’s own procedural and statutory requirements, i.e., no issuance of an Advance Notice of Proposed Rulemaking, and it lacked essential due diligence for a rule of this magnitude that was cut out of whole cloth, e.g., providing an insufficient 60-day public comment period, failing to conduct a quantitative study on auto retailing, failing to undertake consumer testing of any new mandates, and failing to perform an accurate cost-benefit analysis.

Legislation ([S. 3014](#)) introduced by Sens. Jerry Moran (R-Kan.) and Joe Manchin (D-W.Va.), as well as by Rep. Kelly Armstrong ([H.R. 7101](#)) would rectify these [procedural flaws](#). A [provision](#) to stop the FTC from implementing or enforcing the Vehicle Shopping Rule was included in the House FY 24 Financial Services and General Government Appropriations Act ([H.R. 4664](#)).

As a result of this flawed rulemaking process, the rule will make the car-buying process worse, not better. For example, the rule will require more time and paperwork at the dealership, including 5 new untested required disclosure forms which will increase transaction times for consumers. According to the FTC, the rule will require 1.595 million “overall annual hours of burden” for “collections of information” alone.⁷ Additionally, all harms the rule is designed to address are already addressed under existing law⁸ which the agency has sufficient enforcement authority to police. The rule also partially exempts direct sellers like Tesla, which creates an unequal playing field.⁹

The congressional “power of the purse” was specifically designed by the Founding Fathers to give Congress the power to immediately stop bad law or actions by the executive branch. A “pause” of this rule – which was written in secret and without direction by Congress – will give the oversight committees of Congress time to examine this flawed rule and its impact on the economy and consumers. Additionally, this provision should not be controversial, as the

⁷ 89 Fed. Reg. 661 (Jan. 4, 2024)

⁸ 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...”)

⁹ 89 Fed. Reg. 608 (Jan. 4, 2024)

FTC took the unprecedented action to *suspend enforcement of its own rule merely two weeks after it was published* in the Federal Register.

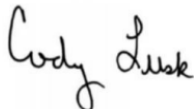
We urge the subcommittee to address the regulatory uncertainty imposed by the FTC on the American public. By engaging in open dialogue, we believe it is possible to arrive at amicable solutions that protect the interests of car buyers and small business dealers. We recommend that the Subcommittee include bill language to deny funding to implement or enforce the rulemaking entitled the “CARS Rule” (89 Fed. Reg. 590 (Jan. 4, 2024) in the FY 25 House FSGG appropriations bill to ensure clarity and stability in this matter.

Thank you for your consideration.

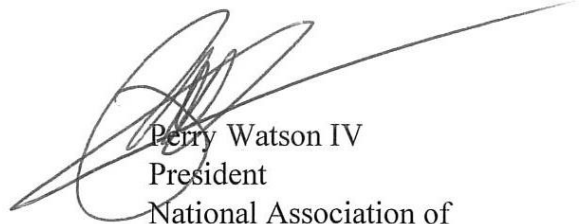
Sincerely,



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