



November 30, 2017

Dear Senator,

On behalf of the National Automobile Dealers Association (NADA) and the 16,500 franchised new car dealers we represent who employ more than one million individuals, **we are writing to express our strong support for Senator Rand Paul's Amendment #1622 to the "Tax Cuts and Jobs Act," which would preserve the full deductibility of floor plan interest.**

This amendment would allow automobile, heavy-duty truck, boat, motorcycle, and farm implement dealers who use floor plan financing to continue to deduct 100 percent of their floor plan interest expenses. As floor plan interest expense is typically one of the largest expenses for dealerships, continued deductibility is vital in ensuring meaningful tax relief and job creation.

The floor plan loan is the economic cornerstone of the franchised dealership model. Dealers rely almost exclusively on floor plan lending to buy vehicles from auto manufacturers and hold the vehicles on their lots, and do not typically have access to equity markets. Due to dealers' high cost inventory, a limit on the deductibility of interest unfairly puts small business dealers at risk of paying higher taxes, even when the dealership does not show any profit.

The Paul Amendment, recognizing that floor plan loans are different from other types of business interest, preserves full deductibility of floor plan financing. This amendment is similar to language in the House tax reform bill (H.R. 1), and ensures that small business dealers are treated fairly in tax reform. As a compromise and to offset revenue loss, the Paul Amendment precludes entities that deduct floor plan interest from claiming first-year expensing of business assets.

Preserving the full deductibility of floor plan interest will help preserve auto sales, jobs and tax revenue for state and local governments. NADA supports the goals of tax reform and efforts to help Main Street businesses grow and create jobs. **America's auto dealers urge a "Yes" vote on the Paul Amendment to the Tax Cut and Jobs Act.** For more information please have your staff contact Greg McNeill with Sen. Paul's staff at Greg.mcneill@hsgac.senate.gov or Michael Harrington with NADA at 202-547-5500. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "David W. Regan". The signature is written in a cursive, flowing style.

David W. Regan
Executive Vice President
Legislative Affairs