



July 7, 2023

*Via E-Mail*

The Honorable Lina M. Khan  
Chair  
Federal Trade Commission  
600 Pennsylvania Avenue, N.W.  
Washington, DC 20580

Re: Motor Vehicle Dealers Trade Regulation Rule—Rulemaking, No. P204800

Dear Chair Khan:

I write to bring to your attention – and urge the Federal Trade Commission (FTC) to review carefully and include in the pending docket in the above captioned matter – a recently completed report by the Center for Automotive Research (CAR) entitled *Assessment of Costs Associated with the Implementation of the Federal Trade Commission Notice of Proposed Rulemaking (RIN 2022-14214), CFR Part 463*.<sup>1</sup>

When the FTC proposed its Motor Vehicle Dealer Trade Regulation Rule (MVDTRR),<sup>2</sup> it requested extensive information from the public, including information related to the assumptions, methodologies, calculations, and projected costs, benefits, and economic impact of the various elements of the proposed rule that were included in the FTC’s Paperwork Reduction Act and Regulatory Flexibility Act analyses. It also requested additional cost information in several of its Questions for Comment.<sup>3</sup>

In response, the National Automobile Dealers Association (NADA), the Small Business Administration’s (SBA) Office of Advocacy, and other organizations sought an extension of the 60-day comment period in order to provide this information.<sup>4</sup> As part of its extension request,

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<sup>1</sup> Faler, E., Fiorelli, T., and Schultz, M. (2023). Assessment of Costs Associated with the Implementation of the Federal Trade Commission (FTC), Notice of Proposed Rulemaking (RIN 2022 – 14214), CFR Part 463. Center for Automotive Research, Ann Arbor, MI (available at [https://www.cargroup.org/wp-content/uploads/2023/05/CAR-Report\\_CFR-Part-463\\_Final\\_May-2023.pdf](https://www.cargroup.org/wp-content/uploads/2023/05/CAR-Report_CFR-Part-463_Final_May-2023.pdf)) [“CAR Report”].

<sup>2</sup> 87 Fed. Reg. 42,012-42,048 (Jul. 13, 2022).

<sup>3</sup> See, e.g., Question 6 (“What economic burdens would be imposed on dealers if the Rule proposals were adopted?”); Question 16 (“Are there data regarding the feasibility of finalizing vehicle financing at or before the time the retail installment sales contract is signed?”); Question 20 (“What would be the economic impact, and costs and benefits, of these disclosure requirements?”); Question 21 (“If so, what are the costs and benefits associated with these additional disclosures?”); and Question 45 (“What costs would these recordkeeping requirements impose on businesses, including small businesses? What would be the overall economic impact of these requirements? Please quantify these benefits and costs wherever possible.”).

<sup>4</sup> See <https://www.regulations.gov/comment/FTC-2022-0046-2221> (NADA Extension Request) and <https://www.regulations.gov/comment/FTC-2022-0046-0019> (SBA Extension Request).

NADA explained that a respected industry research firm had informed NADA that it would require more than the 60-day comment period to prepare a report on the potential costs that the proposed rule would impose on franchised automobile dealers. Notwithstanding the fact that the FTC (i) provided no advance notice of the MVDTRR before proposing it, (ii) sought extensive information from the public on the projected costs of its proposals, and (iii) was informed of the need for a period greater than 60 days to provide this information, the FTC rejected the extension request.

Despite the FTC's decision to limit essential public input on its proposals, NADA requested that CAR conduct a study of the projected costs of the rule if finalized as proposed. After conducting its study, CAR summarized its findings in the following statement:

“[W]hile the FTC estimates the proposed rule will generate USD 29.7 billion in net consumer benefit over a ten-year period..., CAR's analysis reveals that the proposed rule would actually cost consumers USD 38.1 billion over those same ten years.”<sup>5</sup>

We are confident that the FTC will find CAR's cost analysis to be substantially more developed and reflective of actual market conditions than that produced by the FTC in the notice of proposed rulemaking and, to that end, we hope the CAR Report aids the FTC in considering many of the adverse consequences that the proposed rule, if finalized, would cause for consumers and small businesses alike.

Thank you for considering this request and please let me know if we can provide you with any additional information.

Sincerely,

/s/

Paul D. Metrey  
Senior Vice President, Regulatory Affairs

cc: The Honorable Maria Cantwell  
Chair, Senate Commerce, Science and Transportation Committee

The Honorable Ted Cruz  
Ranking Member, Senate Commerce, Science and Transportation Committee

The Honorable Cathy McMorris Rodgers  
Chair, House Committee on Energy and Commerce

The Honorable Frank Pallone  
Ranking Member, House Committee on Energy and Commerce

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<sup>5</sup> CAR Report at 6.