



March 23, 2020

President Donald J. Trump
The White House
Office of the President
1600 Pennsylvania Avenue, N.W.
Washington D.C. 20500

Dear Mr. President:

As the heads of the leading trade associations that represent 99 percent of the country's light-duty vehicle production capability (Alliance for Automotive Innovation), over 90 percent of the country's franchised light-duty car and truck dealers (NADA, NAMAD and AIADA), and nearly 90 percent of the country's medium- and heavy-duty truck dealers (ATD), **we write today to seek your assistance in clarifying that certain sales and leasing activities at franchised new-car and -truck dealers are essential services that need to be maintained during the COVID-19 pandemic, provided these limited activities are conducted in a manner that protects the general public, our customers and our employees.**

In a letter to you dated March 17, 2020, we requested that the federal government determine that vehicle repair, maintenance and sales facilities be considered essential operations when government closure orders and regulations are considered and adopted. We were encouraged and thankful on March 19 when the U.S. Department of Homeland Security (DHS) and the Cybersecurity and Infrastructure Security Agency (CISA) issued a Guidance Memorandum on "Identification of Essential Critical Workers During COVID-19 Response" that listed motor vehicle manufacturing, automotive supply manufacturing, auto maintenance and repair facilities, as well as truck maintenance and repair, as essential services. DHS and CISA indicated that the Guidance was "intended to support State, Local, and industry partners in identifying the critical infrastructure sectors and the essential workers needed to maintain the services and functions Americans depend on daily and that need to be able to operate resiliently during the COVID-19 pandemic response." (Emphasis added.)

The Guidance made no reference to vehicle sales and lease operations that are typically conducted by franchised new-car and -truck dealers in conjunction with their service and maintenance operations. As a result, some states and other jurisdictions have prohibited vehicle sales by dealerships. This is incongruous, given that motor vehicle manufacturing and distribution to the dealers is considered critical infrastructure. It only makes sense that the sales from the dealers should also be covered by the DHS/CISA Guidance.

Not all vehicle sales are discretionary consumer purchases. A significant number of dealership sales transactions occur because a consumer or business is in immediate need of a replacement vehicle for

basic transportation. This clarification is particularly important as various transit services have been curtailed or eliminated due to the public health recommendations about social distancing. For instance:

- In 2019, 12.55 million vehicles were scrapped because they wore out or it was not economical for them to be repaired. Approximately 9.4 million of those vehicles were replaced with a new or used vehicle.
- In 2018, 1.24 million vehicles were determined by insurance companies to be total losses as a result of an accident, flooding or other total loss events. Individual consumers and businesses typically use their insurance proceeds to purchase a substitute vehicle within a few days. Without that option, they may not have affordable, reliable transportation to meet their personal or commercial needs.
- Between March and July of this year, 1.8 million vehicle leases will expire (4.1 million for the entire year of 2020), all of which will require replacement. In many ways, these customers will face the same challenges as described above following a total loss.
- Virtually all of last year's 500,000 sales of medium- and heavy- duty truck sales were for use in commercial fleets. 71.4 percent of our nation's tonnage freight is hauled in trucks sold by our truck dealer members.
- We estimate that around 500,000 "Essential Critical Infrastructure Workers," as defined in DHS/CISA Guidance (healthcare providers, law enforcement, public safety, first responders, food and agriculture employees, etc.), annually acquire a new or used vehicle.

We fully understand and completely support the need for social distancing to protect the public and everyone at dealerships. Most dealerships are family-owned, small businesses that have a vested interest in the welfare of their communities and the families of their customers and employees. Dealers already have instituted policies to minimize face-to-face interactions with their customers and are performing deep cleaning of their worksites and vehicles. In those states and other jurisdictions that permit vehicle sales during the crisis, dealership sales are not being conducted in open, traditional in-person transactions. Rather, during this health emergency, most dealership sales are being transacted remotely through their internet sales departments with virtual software that permits their customers to shop in the safety of their homes, negotiate sales, trade-ins and financing terms electronically, and take delivery of their vehicle in a controlled and sanitary "touchless delivery system" (with many vehicles being delivered directly to the customer's home).

Most consumers are concerned about their jobs, families and health and will not be in the market for new or used vehicles for weeks or months, so the overall effect of this additional capacity will be limited. However, for the many people who may need a replacement vehicle or a new vehicle for any number of reasons, the additional sales activity surely would be defined as vital or essential to them. Some of these include – but are certainly not limited to – going to the drug or grocery store or getting themselves or their family members to the doctor or hospital. Additionally, many of nation's essential workers, including first responders, medical workers, grocery store employees, delivery drivers, and others providing similar services, may suddenly find that they need a more reliable way to get to these critical jobs. In short, there are thousands of scenarios that would prompt the urgent need for a car, SUV or truck – now more than ever. Our members would simply like to provide vehicles to those customers in a secure manner, while at the same time meeting our obligation to the public-at-large and our employees.

Requested Action

We request that the previously issued Guidance by the DHS and CISA be amended to include – and that any future Executive Order issued by you include – the sale of light-, medium- and heavy-duty vehicles by dealers as an “essential service” that should be permitted during the crisis, provided that the sales are conducted in a safe and sanitary manner that protects the health and safety of the general public and our members’ customers and employees.

Thank you for your consideration of our request and please let us know if there is any way in which America’s new-car and -truck dealers and manufacturers can further assist the nation during these trying times.

Sincerely,



Peter Welch
President and CEO
National Automobile Dealers Association and
American Truck Dealers



John Bozzella
President and CEO
Alliance for Automotive Innovation



Damon Lester
President
National Association of Minority
Automobile Dealers



Cody Lusk
President and CEO
American International Automobile
Dealers Association

Cc: The Honorable Mike Pence, Vice President of the United States
The Honorable Steven Mnuchin, Secretary of the Treasury
The Honorable Elaine Chao, Secretary of Transportation
The Honorable Eugene Scalia, Secretary of Labor
The Honorable Wilber Ross, Jr., Secretary of Commerce
The Honorable Chad Wolf, Acting Secretary of Homeland
The Honorable Mitch McConnell, Majority Leader, United States Senate
The Honorable Charles Schumer, Minority Leader, United States Senate
The Honorable Nancy Pelosi, Speaker, United States House of Representatives
The Honorable Kevin McCarthy, Minority Leader, United States House of Representatives
The Governors of the 50 States