

Washington Update

NIADA Government Report

By Brett Scott

NIADA is your voice in Washington D.C., advocating for independent dealers, the used vehicle industry and small business. Here's a look at the latest news and NIADA efforts regarding legislative, regulatory, PAC and grass roots activities.

REGULATORY

Federal Trade Commission: The FTC recently issued a guidance document to help businesses comply with the new requirements of the updated Safeguards Rule, which must be in place by Dec. 9.

The guidance includes information about what a “reasonable” information security program looks like, identifying nine elements it must have – a “qualified individual” to implement and supervise the program, a risk assessment, safeguards such as encryption and multifactor authentication to control any identified risks, regular monitoring and testing of your safeguards’ effectiveness, staff training, monitoring of your service providers, a process to keep your program current, a written incident response plan and a requirement for your qualified individual to report to your board of directors.

The FTC said the rule “reflects core data security principles that all covered companies need to implement.”

The complete guidance document is available at www.ftc.gov/business-guidance/resources/ftc-safeguards-rule-what-your-business-needs-know.

Department of Transportation: Electric vehicle charging stations funded under a \$5 billion federal program must use DC fast chargers and have at least four ports capable of simultaneously charging four EVs – all producing 150 kW or more – to qualify for government funding, according to DOT’s proposed minimum standards and requirements.

DOT’s rule would also prohibit charging stations from requiring memberships to use them.

The standards also require the chargers to be “interoperable between different charging companies, with similar payment systems, pricing information, charging speeds and more.”

As EV sales continue to grow, charging infrastructure is becoming a larger issue for independent dealers, who are beginning to see used EVs showing up on their lots.

The EV charging program was the subject of an education session at the 2022 NIADA Convention and Expo, held last month in Las Vegas. The session discussed the program how dealers can engage, what's expected for the future of EVs and their impact on service revenue.

PAC

The NIADA PAC is the primary means to make sure our industry's voice is heard by candidates seeking federal office.

It also helps NIADA build relationships with policymakers, educate candidates about issues affecting NIADA members' businesses and elect candidates who will work to protect the interests of independent dealers, the used vehicle industry and small business.

Last month, NIADA used PAC funds support candidates for the House of Representatives and Senate who share our pro-independent dealer auto industry positions.

Those candidates include Rep. Roger Williams (R-Texas), Rep. Marc Veasey (D-Texas), Sen. Tim Scott (R-S.C.), Rep. Larry Bucshon (R-Ind.), House Majority Whip Steve Scalise (R-La.), Rep. Drew Ferguson (R-Ga.), Rep. Beth Van Duyne (R-Texas) and Rep. Sam Graves (R-Mo.)

NIADA uses those political fundraising events as opportunities to discuss issues and policies of concern to NIADA members, including catalytic converter theft and CFPB overreach in repossessions.

NIADA is continually engaging with elected officials to build relationships and advocate for independent dealers.

LEGISLATIVE

On June 23, H.R. 5912 – the Close the ILC Loophole Act – was passed by the House Financial Services Committee and now moves on to the full House for consideration.

The bill, introduced by Rep. Chuy García (D-Ill.) and co-sponsored by Rep. Lance Gooden (R-Texas), would eliminate industrial loan company charters, which allow non-bank businesses to control full-service FDIC-insured financial institutions with fewer restrictions and regulations than traditional banks.

NIADA joined seven other organizations, including the American Financial Services Association, the American International Automobile Dealers Association, BMW Bank of North America, Toyota and Volkswagen Credit Inc., in signing a letter to members of Congress opposing that legislation.

The letter, addressed to committee chairwoman Rep. Maxine Waters (D-Calif.) and ranking Republican Patrick McHenry (R-N.C.), explained the bill would adversely impact the vehicle industry by curtailing “transformative financial innovation,” helping automotive businesses differentiate their products and services, thereby “facilitating

greater market competition and reducing potential corporate consolidation, especially during various economic cycles.”

It also pointed out that, like banks, ILCs are insured by the FDIC, and said the charters “uniquely benefit niche industries like the vehicle sector by providing credit products and services not generally offered by traditional financial institutions,” supporting vehicle finance providers and their affiliates, auto dealers and the customers they serve nationwide.

GRASS ROOTS

Colorado: By invitation from state Rep. Shannon Bird, leaders of Colorado IADA attended the ceremony in the governor’s office as Gov. Jared Polis signed SB22-009 and HB22-1217 into law.

CIADA worked in support of the bills, which create a catalytic converter identification and theft prevention grant program as well as registration and regulatory requirements that make it more difficult to sell stolen catalytic converters.

CIADA also presented Rep. Hugh McKean, the state House Minority Leader, with the 2021 CIADA Legislator Award.

“He is a fantastic supporter of small business and has been an outstanding leader of the Republican House,” CIADA CEO David Cardella said.

Brett Scott is NIADA vice president of government affairs.