

Statement of the National Automobile Dealers Association
Regarding S. 2754, The American Innovation and Manufacturing Act of 2019
Before the Senate Committee on Environment and Public Works

April 8, 2020

Mr. Chairman, thank you for the opportunity to submit testimony on S. 2754, the American Innovation and Manufacturing Act (“AIM Act”) of 2019. The National Automobile Dealers Association (NADA) is a national trade association representing more than 16,000 franchised new vehicle dealerships, which sell both international and domestic brands and engage in service, repair, and parts sales across the United States. Until the current pandemic, NADA members directly employed more than 1.1 million Americans and were responsible for at least as many indirect jobs with our suppliers, contractors, and others. Last year, NADA members sold 17.1 million new cars and light-duty trucks, 527,000 new heavy-duty commercial vehicles, and 14.9 million used vehicles. A majority of NADA’s members are small businesses as defined by the Small Business Administration.

The AIM Act would facilitate a transition away from hydrofluorocarbons, which are used as refrigerants in air conditioning and refrigeration equipment, towards substitutes with a lower global warming potential. While commendable, this far-reaching legislation is likely to significantly increase the cost of motor vehicle air conditioning (MVAC) service to vehicle owners for two reasons. First, the substitute refrigerants will be significantly more expensive for consumers. Second, the costs of the service work will increase because the Environmental Protection Agency (EPA) is attempting to mandate that dealerships purchase and use expensive equipment to recover and store those substitute MVAC refrigerants despite the fact that these refrigerants pose little or no threat to human health or the environment.¹

S. 2754 gives the Environmental Protection Agency (EPA) clear statutory authority to force dealerships to recover and store refrigerants even if the refrigerant was not ozone-depleting and had minimal global warming potential. Twice in the past and at a regulatory cost of hundreds of millions of dollars in the aggregate, EPA has mandated that dealerships and other vehicle repair facilities use new MVAC refrigerants and equipment designed to recover and store refrigerants, resulting in higher costs for consumers. But at least in those instances, arguments could be made that there were significant offsetting environmental benefits.

To guard against unnecessary regulation, NADA urges the Committee to adopt a savings provision to clarify that while EPA may adopt technical standards for MVAC recovery

¹ 85 Fed. Reg. 17520, 17524 (March 30, 2020).

equipment, it may not *mandate* that MVAC service facilities purchase such equipment for use with respect to refrigerants that have no ozone depleting potential:

On page 26, after line 6, insert:

(d) SAVINGS PROVISION.

(1) Nothing in this section authorizes the Administrator to promulgate regulations to require, in conjunction with the service or repair of motor vehicle air conditioning systems, the recycling, recovery or reclamation (including recycling, recovery or reclamation through the use of approved refrigerant recycling equipment) of any regulated substance, or any substitute for a regulated substance, with no ozone-depletion potential. For purposes of this provision, the term "approved refrigerant recycling equipment" is as defined Section 609 of the Clean Air Act (42 USC § 7671h(b)(2)) and the term "ozone depletion potential" is as defined in Section 601 of the Clean Air Act (42 USC §7671(10)).

(2) Section 609 of the Clean Air Act (42 USC §761h(b)(1)) is amended by inserting after "substance" the words "unless they have no ozone-depletion potential."

While a safe transition away from MVAC hydrofluorocarbon use may be a laudable goal, consumers should not have to bear the burden of unnecessary MVAC repair and service costs. In that vein, we also urge the committee to examine whether the economy, and especially small businesses, can bear new regulatory costs as our economy recovers from the effects of the current global pandemic.

NADA supports preemption language aimed at preventing a "patchwork" of state and local regulation and agrees with Chairman Barrasso's statement that "[w]ithout federal preemption, manufacturers would likely be forced to produce different equipment in different states, driving up costs for companies and prices for consumers."

Mr. Chairman, absent a saving clause to protect small business dealers from unnecessary regulation and increased costs for motor vehicle owners, America's franchised dealers will have no choice but to oppose this legislation. Thank you again for the opportunity to submit testimony on S. 2754.