

51-02-44-L



NADA REGULATORY AFFAIRS

National Automobile Dealers Association, 8400 Westpark Drive, McLean, Virginia 22102 (703) 821-7031

May 14, 1981

N-96-01
II-A-1083

Dr. Timothy Barry
Project Officer (ANR-490)
Standards and Regulations Division
U. S. Environmental Protection
Agency
401 M Street, S.W.
Washington, D.C. 20460

RE: ONAC Docket No. 81-02

Dear Dr. Barry:

Attached please find a copy of the recent American Truck Dealers Division (ATD) fact sheet which was cited on page six of the written comments filed on April 24, 1981. This information was requested by Mr. Jerry Smith of the EPA staff.

This sheet was prepared for the purpose of the effects of the Federal Excise Tax on trucks, parts and accessories, and is based upon prices and inventory supply as listed at the time in WARD'S AUTOMOTIVE REPORTS. The average and total cost figures are arithmetic calculations based upon the WARD'S data as performed by the NADA Economic Analysis Division. While the purpose of the estimates was to examine the impact of the FET, the statistics cited in the comments based upon this information are still accurate and relevant.

Very truly yours,
WALTER E. HUIZENGA
CHIEF COUNSEL

-SEND ANR-490

BY:

Bruce R. Baker
Bruce R. Baker
Staff Attorney

MAY 61 14:45

BRB/lt
Enclosure
CC: Pat Close

FET INFORMATION SHEET
February 20, 1981

Negative Effect of FET on Dealer Flooring & Financing

Type of vehicle	1980 average prime	1980 average vehicle cost	1980 average day supply	1980 average cost for dealer per day per unit	1980 average dealer total finance cost per vehicle attributed to FET	1980 total retail unit sales	1980 total costs attributed to FET finance alone
heavy duty truck	17%	\$ 47,500	89	\$ 2.21	\$ 196.90	176,900	\$ 34.65 million
medium duty truck	17%	\$ 18,500	101	\$.86	\$ 87.00	91,775	\$ 8 million

This demonstrates the cash drain on truck dealers especially in slow markets with high interest rates.

1980 attributed costs of FET to only finance vehicles while in dealer stock. \$ 10 million alone for dealer out-of-pocket expenses. Rest was passed on as price increase to customers or absorbed in dealer's overhead.

\$ 42.65 million