



Federal Trade Commission  
Office of Policy Planning  
c/o Patrick Roach  
600 Pennsylvania Ave., NW  
Washington, DC 20580

Re: Public Workshop Examining the U.S. Auto Distribution System

Dear Mr. Roach:

My name is Andrew J. MacKay and I am the Executive Director of the Nevada Franchised Auto Dealers Association (NFADA) located in Reno, Nevada. NFADA represents over 100 franchised new automobile and truck dealers doing business on a daily basis in the Silver State. The purpose of this letter is to express some concerns our organization and its members have with respect to the above referenced matter.

One of my primary responsibilities as Executive Director is to represent these businesses and their interests in front of various governmental bodies such as the Nevada State Legislature, city councils, town boards, and county commissions operating throughout our state. In order to effectively represent NFADA's members, it's imperative that I have a solid understanding of the motor vehicle and trucking industries and how they operate not only in Nevada, but across the country as well. As such, I believe that it is imperative that we provide an alternate viewpoint to what was predominately presented at the workshop on January 19, 2016.

Nevada, like other states, has enacted many laws regarding automobile distribution and new vehicle franchise dealers. These laws have been ratified with one primary focus: protection of the automobile buyer. The following are just a few examples of how consumers benefit from the franchise system:

- Nevada's franchised auto dealers aggressively compete against one another for a customer's business which, in turn, drives prices down.
- Franchised auto dealers are engaged members of the community and generously donate goods, services, and monetary support to charitable and non-profit organizations such as universities, homeless shelters, youth sports teams, local schools, and programs that assist under-privilege children and/or at-risk youth.
- Automobile buyers have an unwavering advocate on their side in the form of a franchised auto dealer when faced with warranty and other recall problems associated with their vehicle.
- Nevada franchised auto dealers are significant drivers of the economy, providing thousands of stable, good-paying jobs to our citizens and generating hundreds of millions of dollars in tax and fee revenue that is used to build roads and schools, and pay teachers.

State franchise laws also protect auto dealers from manufacturers exerting undue influence and overreach on an auto dealer's operations. These laws prevent manufacturers from doing such

things as: mandating unnecessary structural and cosmetic changes to a dealership's storefront (which oftentimes cost several million dollars) to paying a dealership far less than the standard market rate for repair work to a vehicle that is under factory warranty. If state franchise laws are compromised, manufacturers will coerce dealers to accept costly mandates by threatening to not provide adequate inventory or potential termination of the dealers' franchise.

Each state should be permitted to govern and regulate this important economic model as it deems appropriate, with minimal intervention by the federal government. On behalf of Nevada's new car and truck dealers, we are confident that if the FTC objectively examines the franchise system, it will determine that not only Nevada, but the 49 other states across the land, are correct that the present system of selling vehicles to America's consumers is one that is both fair and necessary.

I appreciate your time and consideration of NFADA's opinions on this matter.

Kind Regards,

Andrew J. MacKay  
Executive Director