Auto dealers are "being short-sighted and greedy," said Dan Becker, director of the Safe Climate Transport Campaign at the Center for Biological Diversity. "They hate EVs because they make most of their money on maintenance and repairs, which EVs rarely need. So, they'd rather keep Americans addicted to oil and forfeit the EV market to the Chinese."

NADA's Dealers Mostly Love Trump, but Not Necessarily Everything He's Going to Do

The group has yet to take a public stance on the EV tax credit, but its take on CAFE rules is clear—as is what it thinks of the direct-sales model used by Tesla.

By Jim Motavalli
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The National Automobile Dealers Association (NADA) Show finished up in New Orleans last week, and an *Automotive News* poll of those gathered found dealers "overwhelmingly optimistic about President Donald Trump's leadership, believing his administration will relieve electric-vehicle sales pressure and promote business, despite tariff risks."

NADA itself cited "the optimism felt throughout the dealer body about a return to a more realistic and achievable regulatory environment under the Trump administration and the 119th Congress."

NADA's press spokespeople declined repeated requests to talk with *Autoweek* about its positions on EVs. For that reason, it's unclear what stance, if any, it takes on the $7,500 federal income tax credit. The subsidy for electric cars was modified by former President Biden to require that qualifying cars be built in the US. President Trump has vowed to take the credit away, but the dealers' customers obviously benefit from it.

When it comes to EVs, it's complicated. NADA, representing 5,000 dealers, has made clear its opposition to mandates requiring EV sales. NADA takes exception to the modified Corporate Average Fuel Economy (CAFE) rules finalized under Biden for 2027 to 2032. On January 28, new Transportation Secretary Sean Duffy signed an order aimed at rescinding Biden's directives.

According to outgoing NADA Chairman Gary Gilchrist last July, the dealers just don't like what they call sales mandates. "I emphasize *sold* [emphasis added] as the key word," Gilchrist said. "Not developed, not advertised, not even manufactured. Sold. A vehicle sold requires a customer, which is how we are approaching these regulations—through the eyes of the consumers we work with every day. NADA's position is that these rules are far ahead of the market and consumer demand."

NADA President and CEO Mike Stanton echoes that position. The dealers also take issue with the waiver that allows California to set its own fuel-economy/emissions standards and for other states to follow it. In 2019, when

Trump was trying to upset the waiver the first time, NADA said that it "believes that the regulation of fuel economy and greenhouse gas emissions should be done at the federal level for the entire country. Congress granted this authority exclusively to EPA and NHTSA, and that is where it should remain—regardless of who is in the White House." Having failed the first time, Trump II is again going after the waiver.

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But Sam Abuelsamid, vice president of market research for Telemetry Insights, points out that while dealers are "paranoid that they won't get as much servicing work," in reality "EVs will still need tires, brake pads, and work on their infotainment systems. The actual loss of revenue is not as big as people think."

Abuelsamid agrees that dealers are being "ridiculously short-sighted, and just want to sell high-margin trucks and EVs in the next quarter, or the next four quarters."

NADA's official position is that it supports "enhanced data-driven fuel economy and emissions regulations that embrace marketplace realities and amplify fleet turnover."

But NADA also hates and fights against the direct sales model solidified by Tesla, whose billionaire CEO is now a big part of the administration that the dealers embrace. Dealer associations are taking Scout to court because of its plans to use that model, and NADA is equally militant about Honda's Afeela EV direct sales plans with Sony.

Said Stanton in a statement: "Honda should understand that any misguided attempt to bypass or undercut its US dealers will be challenged in statehouses and courthouses across the country—with NADA's full support."

Leo Karl III is the third generation to run Karl Chevrolet in New Canaan, Connecticut, after Leo Karl Sr. founded the dealership in 1927. "There are so many layers to that onion," he said about dealers and EVs.

Karl's dealership is selling the Chevrolet Equinox, Blazer, and Silverado EVs, and he reckons that EVs are currently 10% to 12% of his business. He definitely thinks that EVs are "the wave of the future," but adds, "I'm not a fan of government overreach and regulations. I don't think the current fuel economy requirements have been completely thought through. The only way to reach the targets is to rapidly ratchet up the percentage of EVs sold. And California and the states that follow it have added another level of complexity for manufacturer compliance."

The relative affluence of Karl's Connecticut location means that many of his customers don't qualify for the $7,500 credit because they're above income limits, he said. Interestingly, GM itself seems to be making money on EVs. In a recent investor letter, CEO Mary Barra said, "We doubled our EV market share over the course of the year as we scaled production, and our portfolio became variable profit positive in the fourth quarter."

Removing the tax credit could also take away the current advantage for US-based auto and supplier component plants. Alex Kosyakov is the 23-year-old CEO of

Natrion, a company based in New York and Illinois that makes plastic film separators for EV batteries and claims to have evolved a solid-state technology that can greatly reduce fire risk in lithium-ion cells. The company has raised $5 million, and Kosyakov says LG is a partner.

“If you are going to make batteries in the US you will need separators,” Kosyakov said. “And there aren’t many currently on the market from American companies. If the incentive goes away, even with the proposed tariffs, China will have the subsidies and resources to price-gouge on separators. And US companies will suffer.”

https://www.autoweek.com/news/a63603125/nada-dealers-optimistic-about-trump/