

**Testimony Of  
Forrest McConnell  
2010 Chairman, NADA Regulatory Affairs Committee  
before the  
U.S. Environmental Protection Agency  
and the  
National Highway Traffic Safety Administration  
Los Angeles  
October 21, 2010**

Good afternoon. My name is Forrest McConnell. I am chairman of the National Automobile Dealers Association's Regulatory Affairs Committee and president of McConnell Honda and Acura of Montgomery, Alabama. I thank EPA and NHTSA for hosting today's hearing on the joint proposal to revise light-duty motor vehicle fuel economy labels. I am here today on behalf of NADA, which represents approximately 17,000 franchised automobile and truck dealers who sell new and used motor vehicles, and who engage in service, repair and parts sales. Together, those dealers employ upwards of 1 million people nationwide.

Today I plan to make just a few major points, simply and directly, saving the more complex details of NADA's position for the written comments we intend to file next month. Now, I'm well aware of the Congressional mandate set out in Section 105 of the Energy Independence and Security Act of 2007, and that NHTSA is statutorily under the gun to revise the fuel economy labels we've had on new light-duty vehicles for some 30 years. I commend you for the hard work you and your staffs are putting into this project, especially since it seems like just yesterday that EPA revised the label for MY 2008 and beyond.

Why do dealers care about this rule? Well, although it is the responsibility of vehicle manufacturers to print and put labels on new light-duty vehicles before they're shipped to dealerships, dealers and their staff are the folks who will address any questions or concerns prospective purchasers may have. Consequently, if the content, layout, and size of labels work, they will help dealers provide prospective purchasers interested in fuel economy with useful, vehicle-specific information at the point of sale. On the other hand, to the extent fuel economy labels are confusing or otherwise don't make sense, they will only serve to make the process of purchasing new vehicles more difficult.

Let me be clear – it is NADA's unequivocal position that fuel economy labels and the data contained thereon should be designed to help consumers make new vehicle purchase decisions based upon objectively calculated and neutrally presented facts. In this sense, fuel economy labels differ from NHTSA's "Stars- for-Cars" labels. Under the latter program, NHTSA affirmatively evaluates and normatively rates vehicles based on how they perform in three crash test scenarios. Arguably, the information set out on those labels drive vehicle design with respect to crashworthiness. In contrast, fuel economy labels simply should provide useful facts in an easy to understand manner. Now, NADA supports fuel economy improvements and always has. However, I'm suggesting that EPA and NHTSA focus their public policy efforts in that regard on their joint CAFE rules, allowing the fuel economy label and the information contained thereon to

focus on “just the facts,” as Sergeant Friday used to say to those of us old enough to remember black and white TV.

NADA also takes the position that the fuel economy labels rolled out in MY 2008, work well. We know this because dealers get relatively few questions about them from prospective purchasers, and those questions that do come up are relatively easy to answer, either directly or by reference to [www.fueleconomy.gov](http://www.fueleconomy.gov). In this connection, please note that both the fuel economy labels and the web site were put to the test in the latter half of 2009 during NHTSA’s implementation of the “Cash-for-Clunkers” program, and that both fared quite well. To be eligible for purchase incentives, “Cash-for-Clunkers” required purchasers to show that the new vehicles they were buying have significantly higher fuel economy numbers than their trade-ins, requiring that labels and the website be consulted thousands of times each day.

So, given that existing labels work well and that any fuel economy label information must be factual and neutral, what does NADA support? Well, we are for labels that won’t confuse the buying public, won’t make new vehicle purchasing decisions more difficult, and won’t treat automakers or fuel types unfairly. Of the three principal label designs being proposed, Label 2 comes closest to achieving these essential criteria. It is no coincidence that NADA’s support for this label option reflects the fact that it retains the current label’s focus on miles per gallon and annual fuel costs, while updating its overall design and adding new comparative information. NADA’s written comments will give several suggestions on how Label 2 can be improved and I will touch on a few of those in a minute. But before doing so, I’d like to point out several reasons for our position.

First, as the joint proposal correctly states, most prospective light-duty vehicle purchasers only focus on fuel economy when fuel prices are relatively high and only as a relatively minor criterion when compared to other vehicle attributes. Fuel economy information and labels should leverage this reality, not fight it.

Second, even fewer prospective purchasers consider greenhouse gas and other emissions when shopping for new vehicles. That doesn’t mean they don’t want cleaner and greener vehicles; it is just that they recognize that new vehicles are all cleaner and greener. Again, NHTSA and EPA should strive to leverage, not fight, this reality.

Third, prospective purchasers who focus on fuel economy or emissions performance tend to evaluate comparative information before coming to a dealership. This simply reflects how vehicle shopping is done these days; customers use the Internet to peruse comparative information and make preliminary purchase criteria decisions in the comfort of their home or office before arriving at a dealership to kick the tires and test drive the vehicles they will actually consider. Now, that doesn’t mean labels lack value or that dealers should no longer print out the Department of Energy’s annual Fuel Economy Guide for prospective purchasers who come to the showroom asking for one. It is just one more truth EPA and NHTSA must account for and accommodate.

Given these market realities, how might Label 2 be improved? To its credit, Label 2 attempts – clearly and simply – to present vehicle-specific facts such as combined mpg, city mpg, highway

mpg, and annual fuel cost (based on reasonable and easy-to-understand assumptions). This is critical as prospective purchasers making comparisons need these facts to use as they see fit. However, NADA suggests that the assumptions used to calculate the annual fuel cost metric be retained on the label.

But it is with respect to the label's comparative information that NADA has the most to suggest. First, we urge EPA and NHTSA to revisit the classes used to show a vehicle's relative performance. For example, the "in-class" positioning of a vehicle's combined mpg should involve the narrowest class that can reasonably be defined. For example, the existing "SUV" class is far too broad for shoppers who have narrowed their search to a few models of small SUVs.

Second, NADA strongly objects to comparisons across all the makes and models subject to labeling – such as those in proposed Label 2 for a vehicle's comparative greenhouse gas and other emissions performance. Simply put, comparing a vehicle's performance to the entire light-duty fleet is so inappropriate as to be virtually useless given that such a comparison fails to hold constant vehicle attributes such as seating, hauling capacity, or footprint. EPA and NHTSA moved away from this "flat standard" approach when adopting the "attribute-based" model for their fuel economy mandates. Shoppers simply don't make comparisons across all makes and models, so any information presented that way will only serve to confuse. In fact, NADA suggests that EPA and NHTSA may even want to consider a metric which compares a vehicle's performance relative to its specific, attribute-based, CAFE target.

I'll finish by noting a critical issue involved in the rulemaking for which NADA has not yet developed a clear-cut position. I'm referring to how to calculate and present useful information for alternative fueled vehicles. The challenge is to come up with information customers can use to comparison shop between vehicles of the same class with different fuel types, and within the same fuel type but between classes. This objective is complicated by the fact that there are so many ways to skin the cat (or catfish if you prefer). Clearly, SAE standards are instructive with respect to how to calculate and present mpg equivalents. At the same time, there is significant disagreement among vehicle manufacturers and others as to how best to calculate and present this information. We commend your efforts to grapple with these issues and urge you to reach a neutral outcome that will provide prospective purchasers with information that is consistent, simple and useful.

Lastly, EPA and NHTSA should work with dealers and their associations to educate the public on the new fuel economy labels, when finalized; consistent with the excellent outreach undertaken when the MY 2008 labels were rolled out. It also will be important to remind the motoring public that the fuel economy they can expect to achieve will depend on many factors, including driving conditions, speed, terrain and maintenance, and that there are simple, everyday steps that can be taken to maximize in-use fuel economy and emissions performance.

On behalf of NADA I thank you for the opportunity to join you today, and I welcome any questions you might have.

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