



## *California New Car Dealers Association*

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December 3, 2008

### **Re: Why Auto Manufacturer Bridge Loans Matter to California**

Dear Members of the California Congressional Delegation:

The California New Car Dealers Association is a statewide trade association that represents the interests of 1,200 franchised new car and truck dealer members. Our dealer members are primarily engaged in the retail sale and lease of new and used motor vehicles, but also engage in automotive service, repair and part sales. We are writing to urge your immediate action on bridge loans necessary to save our domestic auto industry.

Whether you are a fan of Detroit auto makers or not, the failure of one or more of those manufacturers will have dire consequences for California. Although Californians prefer new import vehicles over domestics by a margin of 67% to 33%, last year nearly 700,000 new cars and trucks made by Detroit's big three were registered in the Golden State. Of the nearly 27 million vehicles registered in California, over 10 million were made by GM, Ford or Chrysler. In addition, over 2.5 million of those vehicles are still under factory warranty or subject to a factory service contract.

Since the first of the year, 112 new car dealerships have gone out of business in our state, but we still host over 1,500 new car dealerships -- 696 of which are franchised to sell and service one or more of the 15 brands produced by domestic auto makers. Last year those 696 domestic dealers paid over \$2.9 billion in federal and state taxes; collected \$2 billion in sales tax (much of which funds local governments), spent \$350 million in advertising and contributed \$40 million to charities. Those domestic dealerships employ over 40,000 Californians and annually pay over \$5 billion in wages and \$300 million in medical and other employee benefits. Thousands of other Californians also make a living off those dealerships as service providers, suppliers, and advertisers.

Whether you drive a domestic or import brand, Californians benefit by having domestic auto brands in our market. Whether it's a Corvette, an F-150 pickup or a Chrysler minivan, domestic brands offer tremendous consumer choice (over 125 models). Domestic brands also offer robust price competition, technological innovations and provide freedom of mobility for millions of Californians. Without domestic auto manufacturers and their dealers, California would see a huge spike in unemployment, a giant drop in state and local tax revenue, reduced consumer choice, diminished competition, and frustrated service customers.

Frozen out of credit markets and plunged into the vortex of the worst economic calamity in modern history, domestic auto manufacturers and their dealers have nowhere to turn, other than Congress, for financial assistance that will allow domestic auto makers to continue in operation until the economy turns around and they can restructure in a manner that will permit them to compete in the new world order.

We urge you to approve a package of government funded bridge loans for the domestic auto manufacturers as soon as possible. Should you have any questions or comments, please do not hesitate to give me a call.

Sincerely,



Peter K. Welch  
President

cc: The Honorable Diane Feinstein  
The Honorable Barbara Boxer  
The Honorable Mike Thompson  
The Honorable Wally Herger  
The Honorable Dan Lungren  
The Honorable Doris Matsui  
The Honorable Lynn Woolsey  
The Honorable George Miller  
The Honorable Nancy Pelosi  
The Honorable Barbara Lee  
The Honorable Ellen Tauscher  
The Honorable Gerald McNerney  
The Honorable Jackie Speier  
The Honorable Fortney "Pete" Stark  
The Honorable Anna Eshoo  
The Honorable Michael Honda  
The Honorable Zoe Lofgren  
The Honorable Sam Farr  
The Honorable Dennis Cardoza  
The Honorable George Radanovich  
The Honorable Jim Costa  
The Honorable Devin Nunes  
The Honorable Kevin McCarthy  
The Honorable Lois Capps  
The Honorable Elton Gallegly  
The Honorable Howard "Buck" McKeon  
The Honorable David Dreier  
The Honorable Brad Sherman  
The Honorable Howard Berman  
The Honorable Adam Schiff  
The Honorable Henry Waxman  
The Honorable Xavier Becerra  
The Honorable Hilda Solis  
The Honorable Diane Watson  
The Honorable Lucile Roybal-Allard  
The Honorable Maxine Waters  
The Honorable Jane Harman  
The Honorable Laura Richardson  
The Honorable Grace Napolitano  
The Honorable Linda Sanchez  
The Honorable Ed Royce  
The Honorable Jerry Lewis  
The Honorable Gary Miller  
The Honorable Joe Baca  
The Honorable Ken Calvert  
The Honorable Mary Bono  
The Honorable Dana Rohrabacher  
The Honorable Loretta Sanchez  
The Honorable John Campbell  
The Honorable Darrell Issa  
The Honorable Brian Bilbray  
The Honorable Bob Filner  
The Honorable Duncan Hunter  
The Honorable Susan Davis