

OHIO AUTOMOBILE DEALERS ASSOCIATION



Motor vehicle retail sales, as well as their repair, service, and maintenance, are essential businesses and operations under the Director's Stay at Home Order.

Certain sales and leasing activities at franchised new motor vehicle dealers are essential services that need to be maintained during the COVID-19 pandemic, provided these limited activities are conducted in a manner that protects the general public, our customers and our employees. We base this on sections 5(b), 12(h), 12(v), and 14 of the Director's Order. This position is not unique as states such as Indiana, Illinois, West Virginia, and Wisconsin are allowing the sale of motor vehicles during this time.

Not all vehicle sales are discretionary consumer purchases. A significant number of dealership sales transactions occur because a consumer or business is in immediate need of a replacement vehicle for basic transportation. This clarification is particularly important as various transit services have been curtailed or eliminated due to the public health recommendations about social distancing. For instance, nationally:

- In 2019, 12.55 million vehicles were scrapped because they wore out or it was not economical for them to be repaired. Approximately 9.4 million of those vehicles were replaced with a new or used vehicle.
- In 2018, 1.24 million vehicles were determined by insurance companies to be total losses as a result of an accident, flooding or other total loss events. Individual consumers and businesses typically use their insurance proceeds to purchase a substitute vehicle within a few days. Without that option, they may not have affordable, reliable transportation to meet their personal or commercial needs.
- Between March and July of this year, 1.8 million vehicle leases will expire (4.1 million for the entire year of 2020), all of which will require replacement. In many ways, these customers will face the same challenges as described above following a total loss.
- Virtually all of last year's 500,000 sales of medium- and heavy-duty truck sales were for use in commercial fleets. 71.4 percent of our nation's tonnage freight is hauled in trucks sold by our truck dealer members.
- It is estimated that around 500,000 "Essential Critical Infrastructure Workers," as defined in DHS/CISA Guidance (healthcare providers, law enforcement, public safety, first responders, food and agriculture employees, etc.), annually acquire a new or used vehicle.

Most consumers are concerned about their jobs, families and health and will not be in the market for new or used vehicles for weeks or months, so the overall effect of this additional capacity will be limited. However, for the many people who may need a replacement vehicle or a new vehicle for any number of reasons, the additional sales activity surely would be defined as vital or essential to them. Some of these include – but are certainly not limited to – going to the drug or grocery store or getting themselves or their family members to the doctor or hospital. Additionally, many of nation's essential workers, including first responders, medical workers, grocery store employees, delivery drivers, and others providing similar services, may suddenly find that they need a more reliable way to get to these critical jobs. In short, there are thousands of scenarios that would prompt the urgent need for a car, SUV or truck – now more than ever. Our members would simply like to provide vehicles to those customers in a secure manner, while at the same time meeting our obligation to the public-at-large and our employees.

The sale of motor vehicles by dealers are an "essential service". We fully understand and will comply with the Order's requirements for health and safety to protect the public and everyone at dealerships.

Thank you.

Sincerely,

Zach Doran
President