

SEMA & PRI WASHINGTON RALLY 2024

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Introduction

Thank you for participating in the 2024 SEMA and PRI Washington Rally. Your involvement is critical in developing and strengthening our industry's relationships with your members of Congress and helping lawmakers and their staff to understand how the decisions made in our nation's capital impact the SEMA and PRI members in their district and state, their employees, and millions of automotive enthusiasts around the country.

With the general election a few months away, control of Congress and the White House are at stake. The Washington Rally provides an opportunity for SEMA and PRI members to remind their lawmakers about the policy issues that must be addressed before the end of this session of Congress and lay the foundation for longer-term issues that can be addressed next year.

It is important that members of Congress understand the importance of the specialty automotive aftermarket and motorsports industries from an economic standpoint. Modifying vehicles for the street and the racetrack creates jobs and opportunities for over 1.3 million men and women across the country, with U.S. consumers spending more than \$52 billion annually personalizing and upgrading their vehicles. Our industry has a \$337 billion annual economic impact on the U.S. economy!

Meetings with members of Congress and staff will provide an opportunity to advocate for crucial elements of SEMA and PRI's 2024 legislative agenda that directly impact your business, including everything from protecting the right to modify vehicles to stopping policies that eliminate vehicle choice to protecting motorized recreational access.

This Briefing Book provides background information on federal legislation impacting SEMA and PRI members and the industry.

We recommend that discussions with your member of Congress remain focused on issues subject to direct federal control. Many issues impacting our industry are handled at the state level, including topics like vehicle titling and registration, exhaust noise, optional equipment, and inoperable vehicles. SEMA has a vigorous program for working with state legislators and regulators on these topics to safeguard and expand the specialty equipment aftermarket.

Thank you for participating in the 2024 SEMA & PRI Washington Rally. Your advocacy is integral to protecting the future of our industry.

Please contact Eric Snyder, SEMA's Senior Director of Federal Government Affairs, at erics@sema.org if you have questions.

Schedule of Events

Wednesday, May 8, 2024

5:30 p.m. - 6:30 p.m. -- **SEMA-PRI PAC Reception*** -- Royal Sonesta Capitol Hill, Sapphire Room and Terrace -- *Penthouse level*

*A PAC contribution is required to attend in the suggested amount of \$250 per individual. If you have already contributed to the SEMA and PRI PAC in 2024, this event may be complimentary as a part of your PAC Membership Benefits. Please contact PAC Manager Alicia Steger at alicias@sema.org if you have any questions.

6:30 p.m. – 8:30 p.m. -- **Washington Rally Congressional Dinner** -- Royal Sonesta Capitol Hill, Crown Ballroom -- *Penthouse level*

Thursday, May 9, 2024

7:00 a.m. - 8:30 a.m. -- **Breakfast and Welcome Briefing** -- Royal Sonesta Capitol Hill, Crown Ballroom -- *Penthouse level*

9:00 a.m. - 12:00 p.m. -- **Meetings with Congressional Representatives** -- House & Senate Office Buildings

9:00 a.m. - 3:00 p.m. -- **Cars at the Capitol Event** -- Southwest side of the U.S. Capitol on Maryland Avenue (across from the Botanical Garden)

12:00 p.m. - 1:30 p.m. -- **Congressional Luncheon** -- Capitol Hill Club, Eisenhower Room

2:00 p.m. - 5:00 p.m. -- **Meetings with Congressional Representatives** -- House and Senate Office Buildings

SEMA & PRI Industry Facts

SEMA and PRI members manufacture, distribute, sell, and install specialty parts and accessories to make all different types of motor vehicles faster, safer, more attractive, unique, convenient, fun, and even like new again. SEMA and PRI are committed to standing up for our member companies and their employees by advocating for consumers' rights to drive accessorized, customized, and vintage vehicles and compete on the track.

SEMA Facts

- SEMA represents over 7,000 member companies, including businesses in each congressional district.
- The specialty automotive aftermarket has a \$337 billion annual economic impact that supports more than 1.3 million American jobs.
- Our industry pays more than \$40 billion in federal, state, and local taxes (annually), which support the development of national and local infrastructure.
- Consumers spend more than \$52 billion annually on personalizing and upgrading their vehicles.
- Key segments of the market include (annual sales):
 - Accessory and Appearance \$27.16 Billion
 - Performance Parts \$12.42 Billion
 - o Wheels, Tires, and Suspension Products \$12.21 Billion
- Over \$30 billion was spent to modify trucks, Sport Utility Vehicles (SUVs), and Crossover Utility Vehicles (CUVs) with specialty parts in 2022:
 - \$15.8 Billion to Modify Trucks
 - \$7.6 Billion to Modify SUVs
 - o \$7.5 Billion to Modify CUVs

PRI Facts

- Racers purchase over \$8 Billion worth of parts for the track each year.
- Over 50% of specialty equipment manufacturers produce parts for the motorsports industry.
- There are 1,546 auto racetracks across the US, from superspeedways to local oval tracks, drag strips, and off-road courses.
- The number of racing events is expected to increase by 12% at tracks in 2024.
- Racetracks provide more than just racing to their community. Most tracks also host car shows, corporate and private events, swap meets, concerts, and seasonal events for their neighboring families to attend.

SEMA Show & PRI Show

- Over 2,2000 exhibitors and 160,000 attendees participated in the 2023 SEMA Show
- Over 1,000 exhibitors and 40,000 attendees participated in the 2023 PRI Show

Economic Impact of the Automotive Aftermarket Industry

SEMA and PRI are committed to helping the aftermarket industry and the thousands of small businesses that comprise it to grow, create new jobs, hire more workers, and build partnerships that expand local economies across the U.S. While many SEMA and PRI members are small businesses, their collective impact is integral to both the U.S. economy and communities across our nation.

SEMA commissioned an economic impact study in 2023 demonstrating how the specialty automotive aftermarket drives America's economy. Below are several key findings that you can use as message points when discussing the SEMA Economic Impact Report:

- The specialty equipment industry is a dynamic part of the nation's economy that
 has a total economic impact of about \$337 billion and supports over 1.3 million
 U.S. jobs.
- Our industry supports a sizeable number of jobs in other industries, such as manufacturing (79,049), transportation & communication (72,049), travel and entertainment (20,562), agriculture (5,594), and construction (2,455).
- The aftermarket's economic footprint benefits cities and states across the country by providing America's working families with opportunities for good jobs and great careers.
- The industry accounts for more than \$40 billion in taxes, including \$24 billion in federal taxes and \$16 billion in state and local taxes, which support the development of critical national and local infrastructure.
- The specialty parts and accessories industry is an economic engine consistently delivering jobs and revenue to all 50 states.
- The industry directly employs more than twice the number of people as the U.S. aircraft industry; more people than the entire motion picture and video production industry, the beverage industry, the candy industry, and the wine industry; and it is nearly as big as the beer industry.

While many lawmakers are aware of our industry and some members of Congress even modify their vehicles, all of your elected officials have a vested interest in the jobs our industry produces and the role it plays in driving the economy in their district and state.

The SEMA and PRI chaperones who will be joining you in each of your meetings will have a folder of information for your lawmakers that includes a detailed handout that highlights the economic impact of our industry and the jobs it creates nationally, in your state, and within the Congressional District where your business is located. Please be sure to highlight the economic impact and jobs that our industry provides in the district of your U.S. Representative and statewide for your U.S. Senate meetings.

Meeting Your Member of Congress

The following tips may be helpful in planning your visit with your Members of Congress. Your lawmakers will benefit from your shared professional expertise and personal experiences. Above all, relax and enjoy the meeting.

<u>Prompt but Flexible</u>: We recommend that you plan to arrive five to ten minutes in advance of each meeting, if possible, but also, please be patient if your meeting does not start on time. A Member of Congress' schedule is subject to last-minute changes or interruptions due to committee and floor votes, so you should be flexible and understanding. Meanwhile, maximize the time you spend with a lawmaker or their staff when the opportunity presents itself.

<u>Congressional Staff</u>: While you may prefer to meet with your Member of Congress, staff relationships are integral to how successful advocacy is done on Capitol Hill. Take the opportunity to get to know the legislator's staff. Effectively making your point with a key staff member can provide a direct channel to the lawmaker. Staffers play a key role in drafting and passing legislation.

Prepared: Let your members of Congress know about the issues that are important to you, your employees, and your company. Incorporate concise information (such as a bill number and/or the name of the bill) into your presentation and talk about why it is impactful to your company. 15 to 20 minutes is generally the longest appointment with a lawmaker you can expect, so we recommend that you present only two or three points for discussion. Refer to the written issue briefs below to help keep yourself and the meeting on track.

<u>Personal</u>: Clearly communicate your concerns and expertise from a personal level. Explain how an issue impacts your business while letting the lawmaker know that you also represent a much larger industry.

<u>Polite and Political</u>: Always be gracious. Members of Congress want to represent the best interests of their district and state, so it is valuable to demonstrate a connection between the discussed topic(s) and the lawmaker's constituents. Your meetings will provide an opportunity to ask your lawmakers to support SEMA and PRI's position on the issues that matter to your business. Also, don't forget to thank your members of Congress when they take a position that you support.

Responsive: A lawmaker or staffer is likely to have follow-up questions. If you don't have an immediate answer, offer to have SEMA staff get back to them with the requested information. Meanwhile, ask the legislator to explain their position on the topic. Following the meeting, send a thank you letter that outlines points raised in the meeting and enclose any additional materials requested.

Tips on Introducing Yourself to Legislators

- Describe what your company does, the number of people employed, and how your business fits into the local economy -- our industry supports hundreds of thousands of jobs in other industries.
 You may also add your company's marketing materials to your meeting leave-behind folders.
- Indicate if your customers represent a large population of people in the lawmaker's district. The decisions made in Washington impact both your business and enthusiasts' ability to purchase products that upgrade their vehicles.
- Explain how your company provides jobs, tax revenue, and economic benefits to the state and local area – all matters of importance to the overall vitality of the district – to your legislator. Each leave-behind lobby packet will have industry-wide specific economic impact documents. This information will also be uploaded to the Washington Rally app at www.congressplus.com.
- Indicate that your business is part of a \$337 billion uniquely American industry, borne of our nation's interest in everything automotive, including restoration, racing, hot rods, and products that individualize our cars and trucks.

Issues

- What follows are suggested federal topics of relevance to members of Congress and their staff.
- Not all the subjects are applicable to your company, so feel free to pick and choose. You are not being asked to cover everything. Feel free to also discuss other federal policy issues that are impacting your business.
- In the Washington Rally app, <u>www.congressplus.com</u>, you will find helpful information on each office you are visiting to indicate if your legislator already supports the bill or if you need to ask for their support. Please review this information. It's nice to start a meeting with a "thank you for your support" on a key issue before making your first ask of the meeting.
- If you have questions, please contact Eric Snyder at erics@sema.org.

Right to Repair & Modify Vehicles

As automotive technology continues to evolve, aftermarket businesses and automotive enthusiasts must have access to the tools and information necessary to modify and service motor vehicles. New barriers to working on your own vehicle, independent automotive repair, and manufacturing and installing both replacement and performance parts are emerging as vehicle technology becomes more advanced. SEMA is committed to protecting the rights of aftermarket businesses and enthusiasts to modify and repair vehicles, but we need your help in educating members of Congress on why this issue is important to your business.

SEMA and PRI support <u>H.R. 906</u>, the "Right to Equitable and Professional Auto Industry Repair Act" (REPAIR Act), a bipartisan bill that would ensure that the aftermarket industry will have access to the tools and repair information necessary to produce and install parts used to repair cars, trucks and SUVs that we love as an industry. The RPEAIR Act provides independent repair shops and aftermarket businesses that produce replacement parts the right to access critical information, tools, software, and equipment needed to maintain and repair at a fair and reasonable cost.

While SEMA supports the REPAIR Act, it is important that the bill is expanded to ensure that specialty aftermarket businesses also have access to the data, tools, and software needed to manufacture and install parts that are custom and modify vehicles. In short, the REPAIR Act must also protect the Right to Modify vehicles.

Legislation

- U.S. Representative Neal Dunn (R-FL) introduced <u>H.R. 906</u> in February 2023 with the following original cosponsors: Representatives Brendan Boyle (D-PA), Warren Davidson (R-OH), and Marie Gluesenkamp Perez (D-WA). This bipartisan bill currently has 52 cosponsors, including 26 Democrats and 26 Republicans.
- The House Energy and Commerce (E&C) Subcommittee on Innovation,
 Data, and Commerce passed H.R. 906 in November 2023. The bill now awaits a vote in the E&C Committee.
- SEMA strongly supports the REPAIR Act. <u>However, it is important that the bill is expanded to protect the Right to Modify vehicles.</u>
- Senator Ben Ray Lujan (D-NM) is expected to introduce the REPAIR Act in the U.S. Senate. We will update you if this bill is introduced between now and May 9.
 Please talk to your U.S. Senators about the legislation and ask them to contact Sen. Lujan's office to voice their support for the legislation (Shelby Boxenbaum, Legislative Counsel, is the lead staffer for Sen. Lujan on the REPAIR Act).

REPAIR Act Overview

 Prohibits automakers from imposing technological or legal barriers that block aftermarket replacement part manufacturers from accessing critical information

- and tools necessary to develop interoperable products with emerging vehicle technology.
- Establishes the right for replacement part manufacturers and independent repair shops to access critical information, tools, and equipment needed to maintain vehicles.
- Requires companies producing vehicles equipped with telematics to make any
 critical repair information and tools available to replacement part manufacturers
 and repair facilities at a fair and reasonable cost.
- Provides vehicle owners with access to the telematic data and information that is wirelessly generated when they drive their vehicles (over 50% of new vehicles have telematics).
- Establishes a right for vehicle owners to securely share their vehicle's repair and maintenance data with their repairer of choice.
- Requires the National Highway Traffic Safety Administration (NHTSA) to issue standards for access to vehicle data.
- Requires the Federal Trade Commission (FTC) to establish an advisory
 committee to recommend implementing this bill. The FTC would also be required
 to assess and report on existing and emerging barriers to vehicle repair and
 vehicle owners' control over their vehicle-generated data. The bill provides the
 FTC the authority to enforce these requirements.

Why is the REPAIR Act Critical?

- Effectively repairing and maintaining modern vehicles requires access to data, software, compatible replacement components, training, and sophisticated diagnostic tools.
- Current law is inadequate to address growing competitive concerns created by new technology. The REPAIR Act seeks to resolve current and future issues that prevent consumers and independent repair shops from being able to fully maintain and repair modern vehicles while ensuring cybersecurity for critical vehicle systems.
- Direct access to vehicle data is under threat by vehicle manufacturers. While a 2014 Memorandum of Understanding (MOU) between the repair segment of the aftermarket and vehicle manufacturers provided vehicle owners and technicians equitable access to the same service information and tools that car companies make available to their franchised dealers, it did not include telematics.
- Many aftermarket businesses and automotive enthusiasts rely on access to diagnostic data through the OBD-II port. However, they also need access to telematic data and information that is wirelessly transmitted directly to vehicle manufacturers.
- The REPAIR Act must be passed to:
 - Maintain competition and prevent an unfair playing field due to an OEM monopoly over vehicle data and information.
 - Protects aftermarket jobs: Over 4 million Americans work in the independent automotive aftermarket, and thousands of aftermarket

- businesses manufacture parts that keep vehicles operating safely and affordably throughout their lifecycle.
- Prevent increased costs for consumers. Currently, over 70% of vehicle repairs happen at independent repair shops.
- Maintain consumers' ability to choose where and with which parts their vehicles are repaired and serviced.

Expanding the REPAIR Act to include the Right to Modify

- The REPAIR Act must protect the right to modify motor vehicles to:
 - Extend the bill's protections to ensure businesses that manufacture and install parts that modify, customize, and upgrade motor vehicles have access to data, tools, and software.
 - Prevent vehicle manufacturers from employing any cryptographic barriers that impede the ability of an aftermarket parts manufacturer, their distributors, and service providers to produce, offer, or install specialty aftermarket parts and software that are custom or modify a vehicle.
 - Ensure motor vehicle owners and their designees have access to cryptographic or technologically protected vehicle-generated data and safety-critical vehicle systems in order to modify vehicles.
 - Ensure aftermarket businesses can recalibrate vehicles, including their Advanced Driver Assistance Systems (ADAS) after a vehicle has been modified. This requires access to configurable vehicle parameters and customization settings to ensure the electronic control units (ECU) of a vehicle understand that it has been lifted or lowered, the grille has been modified, etc., to ensure that safety features like lane keep assist and automatic breaking work as intended.

Economic Impact of Vehicle Modification

- Over 8 million automotive enthusiasts in the U.S. are passionate about personalizing everything from classic cars to 4WDs and trucks to sports cars.
- Specialty aftermarket businesses need reasonable access to modern vehicles to compete in the future.
- Protecting the Right to Modify is important to key segments of the industry (annual sales figures included):
 - Accessories and appearance products \$26.73 billion in sales
 - Performance parts \$12.23 billion in sales
 - o Wheels, tires, and suspension products \$11.94 billion in sales

Electric Vehicle Mandates

It is crucial for government policy to remain technology-neutral in pursuit of reducing motor vehicle emissions. American-grown biofuels, synthetic fuels, hydrogen, carbon capture, and innovations in engine systems and fuels are all aimed at this shared goal.

SEMA, PRI, and the specialty automotive aftermarket industry are helping to lead the way by offering innovative solutions to reducing vehicle emissions, ranging from replacing older engine technologies with newer, cleaner versions to converting older internal combustion engine (ICE) vehicles to new electric, hydrogen, and other alternative fuel-powered vehicles.

SEMA and PRI are committed to playing a central role in the evolution of automotive technology, including the parts and products that power our vehicles. However, we strongly oppose government mandates that prohibit or limit the sale of ICE vehicles and select electrification as the technology of choice to the detriment of many of our members and their innovations.

California Advanced Clean Cars II (ACC II) Regulation

Currently, California is seeking to ban the sale of new ICE vehicles by 2035 through its "Advanced Clean Cars II" (ACC II) regulation. ACC II requires that 35% of new cars, SUVs, and small trucks sold in California must be zero-emissions vehicles (ZEV) starting in 2026. The regulation increases ZEV sales requirements by 6% to 8% annually through 2035, when 100% of new vehicles sold in California must be ZEV – eliminating the sale of any new vehicles that are gas-powered.

Given that 17 states representing 40% of the U.S. population have historically adopted California's vehicle emissions standards, this is a national issue. Before ACC II can be implemented, the California Air Resources Board (CARB) must receive a waiver from the U.S. Environmental Protection Agency (EPA) for ACC II to take effect.

SEMA and PRI have rallied our members, the industry, and enthusiasts to send the EPA over 5,000 letters in opposition to the agency granting CARB a waiver for ACC II. Your meetings will provide an opportunity to advocate for H.R. 1435/S. 2090, the "Preserving Choice in Vehicle Purchases Act," which requires the EPA to revoke waivers granted after January 1, 2022, if the standards directly or indirectly limit the sale or use of new motor vehicles with internal combustion engines (more on the bill in the next section).

EPA Multi-Pollutant Standards

In March, the U.S. Environmental Protection Agency (EPA) issued final tailpipe emissions standards (referred to as "Multipollutant Standards") for model years '27 to '32 light and medium-duty motor vehicles. Advocacy from SEMA, specialty aftermarket businesses, enthusiasts, and other key stakeholders resulted in the EPA delaying its most aggressive emissions reduction requirements from model year '27 to model year '30. The EPA's final rule also slightly increased the average tailpipe emissions for light-

duty vehicles from 82 grams/mile (included in EPA's April 2023 proposed rule) to 85 grams/mile for model-year '32.

While the EPA's final rulemaking provides automakers with additional time to ramp up production of ZEVs, currently, only electric vehicles (EVs) and <u>five plug-in hybrid electric vehicles (PHEV) meet the easier 85 grams/mile standard</u> the agency seeks by 2032. It is estimated that 67% of new vehicles sold would have to be EVs by 2032 to meet this standard. Automakers could also comply with the final rule if EVs account for 56% of new vehicle sales and PHEVs comprise 13% of model year 2032 sales.

SEMA and PRI oppose the EPA's tailpipe standards, which effectively force automakers to sell EVs and PHEVs to comply with this rulemaking and further limits ICE technology options. Your meetings will allow you to advocate for the "Choice in Automobile Retail Sales Act" (CARS Act), H.R. 4468/S. 3094, a bill that would prohibit EPA from finalizing the agency's multipollutant standards for light- and medium-duty motor vehicles. It would also prevent future EPA motor-vehicle emissions regulations from mandating certain technologies or limiting the availability of vehicles based on engine type.

- Government agencies should not pick winners and losers regarding automotive technologies. ACC II and the EPA's tailpipe emissions standards place the federal government and California's thumbs squarely on the scale for electric vehicles.
- Automakers have made remarkable strides in reducing the emissions produced by ICE vehicles. Between 1980 and 2020, the combined emissions from the six most common air pollutants dropped 78%, thanks in large part to advancements in cleaner ICE technology, which continues to improve.
- ICE vehicles represent one hundred years of technological innovations and are part of the solution to the country's transportation needs.
- EV Mandates Hurt Small Businesses:
 - 95% percent of SEMA's business members are small businesses.
 - 25% of the manufacturer brands in SEMA Data make ICE-related components, consisting of parts for air & fuel, ignition, emission control, and engine and exhaust.
 - 33% of consumer spending on performance and accessory products goes toward upgrading ICE engines and drivetrains. ACC II, if implemented, would adversely impact a segment of the industry that contributes \$112 billion annually to the U.S. economy.
 - CARB's and EPA's mandates would create a seismic shift in the automotive industry that will hurt small businesses that can't make the shift this quickly.
 - Small businesses will be most vulnerable to the disruptions caused by a seismic shift to battery-electric vehicles. They employ American workers with technical skills and create the often politically celebrated blue-collar jobs.

Preserving Choice in Vehicle Purchases Act

The "Preserving Choice in Vehicle Purchases Act," <u>H.R. 1435/S. 2090</u>, amends the Clean Air Act to prevent the EPA from granting a waiver to California for regulations that would ban the sale or use of new ICE vehicles in the state by 2035. The bill was introduced in response to ACC II, which seeks to mandate 100% ZEVs in California and up to 17 other states by 2035.

Bill Status

- The House of Representatives passed <u>H.R. 1435</u> by a margin of 222 to 190 with bipartisan support on September 14, 2023 (214 Republicans and 8 Democrats voted for the bill).
- U.S. Representative John Joyce's (R-PA) bill has 84 cosponsors (all Republicans). U.S. Senator Markwayne Mullin's (R-OK) bill, <u>S. 2090.</u> and 16 cosponsors.
- H.R. 1435 and S. 2090 await consideration by the <u>Senate Environment and Public Works Committee</u>.

Key sections of the Preserving Choice in Vehicle Purchases Act

- Modifies the waiver process under the Clean Air Act related to state emission control standards for new motor vehicles and engines, prohibiting state standards that directly or indirectly limit the sale or use of new ICE vehicles from being eligible for a waiver;
- Prohibits the EPA from determining that any state standards amended after the bill's enactment are within the scope of an existing waiver; and
- Requires the EPA to revoke waivers granted between January 1, 2022, and the
 date of enactment of this bill if the standards directly or indirectly limit the sale
 or use of new motor vehicles with internal combustion engines.

- SEMA opposes the California Air Resources Board's (CARB) "Advanced Clean Cars II" (ACC II) regulations that would ban the sale of new ICE vehicles by 2035.
- Specialty equipment businesses and industry supporters sent more than 5,000 letters to the EPA expressing opposition to ACC II.
- 17 states representing 40% of the U.S. population have adopted California's standards.
- If implemented, ACC II would devastate small businesses that manufacture and sell performance and accessory products that upgrade ICE engines and drivetrains, a key segment of the industry that contributes \$112 billion annually to the economy.

• If ACC II will adversely impact your business, describe to your lawmakers and staff how it will hurt your company, its employees, impact jobs, etc.

Choice in Automobile Retail Sales Act (CARS Act)

The "Choice in Automobile Retail Sales Act" (CARS Act), <u>H.R. 4468/S. 3094</u>, would prohibit the EPA from finalizing the agency's <u>federal tailpipe emissions standards for light- and medium-duty motor vehicles</u> model years '27 to '32. The EPA's final rulemaking requires automakers average emissions to equal <u>85 grams/mile by 2032</u>. It is estimated that 67% of new vehicles sold would have to be EVs by 2032 to meet this standard. Automakers could also comply with the final rule if EVs account for 56% of new vehicle sales and plug-in hybrid electric vehicles (PHEV) comprise 13% of model year 2032 sales.

The CARS Act also prevents future EPA motor-vehicle emissions regulations that would mandate certain technologies or limit the availability of vehicles based on engine type.

Bill Status

- The U.S. House of Representatives passed <u>H.R. 4468</u> with a margin of 221 to 197, with five Democrats joining Republican members in voting for the bill.
- U.S. Rep. Tim Walberg's (R-MI) bill has 34 cosponsors (all Republicans).
- U.S. Senator Mike Crapo (R-ID) introduced the CARS Act in the Senate. <u>S.</u>
 3094 has 36 cosponsors (35 Republicans & 1 Democrat).
- H.R. 4468 and S. 3094 await consideration by the <u>Senate Environment and</u> Public Works Committee.

- The EPA's tailpipe emissions rulemaking seeks to lower carbon emissions in a way that essentially forces BEVs to become the only option for automakers to produce.
- Given the subsidies for EV purchases and production, EVs are the de facto choice to achieve the rulemaking's climate goals. Other options, such as hydrogen, new synthetic fuels, and multiple renewables, do not enjoy a level playing field of subsidies.
- SEMA & PRI strongly support the CARS Act, which is critical to providing consumers with choice and protects the specialty automotive aftermarket industry.
- If EPA's tailpipe emissions standards will adversely impact your business, describe to your lawmakers and staff how it will hurt your company, its employees, impact jobs, etc.

Land Use / Off-Road Recreational Access

Motorized recreation provides an array of opportunities for people of all ages to enjoy the outdoors. A growing segment of SEMA members manufacture products that make it easier for Americans to enjoy the outdoors, including bigger wheels and tires, suspension upgrades, lift kits, winches, and lighting products. These specialty products enhance everything from SUVs, trucks, four-wheelers, ATVs, and other OHVs to make them safer, unique, and more fun.

Maintaining off-highway vehicle (OHV) and motorized access to public lands is of keen interest to off-road enthusiasts and SEMA-member companies that market products to this community. Enthusiasm for OHV products is dependent on the availability of public lands for off-road and recreational use.

SEMA supports land use policies that provide reasonable motorized recreational access to public lands so that off-road enthusiasts can responsibly enjoy their passion. SEMA understands these decisions must balance, sometimes conflicting needs for land access and conservation. Recognizing that some public lands are unsuitable for motorized recreation, the association opposes land use policies that unnecessarily limit access, such as wilderness and national monument designations that are larger than needed to protect unique natural resources.

Every year, off-roading accounts for \$68 billion in direct spending, Americans spend \$23 billion to modify trucks and SUVs, and Motorcycling & ATVing have a \$11.5 billion economic impact.

Below are key bills that are critical to maintaining motorized recreational access to government owned lands:

The "America's Outdoor Recreation Act of 2023 (AORA)," S. 873, is a bipartisan bill that streamlines the process and expenses associated with obtaining special recreation permits, makes maps of all lands where vehicles are allowed and prohibited available to the public, and requires federal land management agencies to increase opportunities for motorized and nonmotorized recreation. SEMA supports AORA, which is the first comprehensive recreation package since 1963. If enacted into law, the bill will improve and expand America's outdoor recreation economy while delivering sustainable economic boosts to rural communities and increasing the \$1.1 trillion (annual) outdoor recreation economy.

Senate Energy and Natural Resources Committee Chairman Joe Manchin (D-WV) and Ranking Member John Barrasso (R-WY) are the lead sponsors of S. 873. <u>The Senate Energy and Natural Resources Committee unanimously passed AORA in July 2023, and the bill now awaits consideration in the full U.S. Senate</u>.

The "Expanding Public Lands Outdoor Recreation Experiences Act" (EXPLORE Act), H.R. 6492, is a bipartisan bill that expands on S. 873, while also

including SEMA-supported key provisions from AORA. The EXPLORE Act increases opportunities for motorized and non-motorized access to public lands, streamlines permitting for recreation, improves visitor experiences, creates new opportunities for recreation, addresses the lack of affordable housing causing staffing shortages on public lands and transforms outdoor recreation experiences for active-duty military members, veterans, and Gold Star families.

House Committee on Natural Resources Chairman Bruce Westerman (R-AR) and Ranking Member Raúl Grijalva (D-AZ) introduced the EXPLORE Act last November, which currently has 51 cosponsors (27 Democrats and 24 Republicans). The U.S. House of Representatives passed the EXPLORE Act in April, and the bill now awaits consideration in the U.S. Senate.

AORA & EXPLORE Act Talking Points

- Requires federal land-management agencies to increase opportunities for motorized and non-motorized access to public lands.
- Includes provisions to streamline the process and expenses associated with obtaining special recreation permits, which are expensive and cumbersome for off-road groups.
- Directs the U.S. Bureau of Land Management and the U.S. Forest Service to make maps available to the public depicting where vehicles are allowed and prohibited and to update them periodically to ensure that the maps are not outdated.
- Attempts to improve visitor experiences and address the lack of affordable housing causing staffing shortages on public lands.

The "Western Economic Security Today Act of 2023 Act" (WEST Act), H.R. 3397 and S. 1435, is legislation that would require the U.S. Bureau of Land Management (BLM) to withdraw its "Conservation and Landscape Health" proposed rulemaking and prohibit the BLM from finalizing, implementing, or enforcing the proposed rule or any substantially similar rule.

SEMA supports the WEST Act and has also <u>submitted comments</u> in opposition to the BLM's Conservation and Landscape Health proposed rule in June 2023, given its potential to limit motorized recreational access to public lands.

U.S. Representative John Curtis (R-UT) is the lead sponsor of the WEST Act in the U.S. House, which currently has 20 cosponsors (all Republicans). **The House Natural Resources Committee passed the WEST Act in February. The bill now awaits a vote in the full House of Representatives**.

U.S. Senator John Barrasso (R-WY), Ranking Member of the Senate Energy and Natural Resources Committee, introduced the WEST Act in the Senate, which currently has 12 cosponsors (all Republicans). The bill awaits consideration in the Senate Energy and Natural Resources Committee.

Talking Points

- The BLM's proposed "Conservation and Landscape Health" rule could lock up public lands and reduce recreation opportunities.
- The rule, if finalized, would allow the BLM to lease lands under new and vaguely defined conservation leases, incorporate new standards when evaluating traditional multiple-use decisions, expedite designations of new Areas of Critical Environmental Concern (ACECs), and apply land health standards to all public lands.
- The proposed rule undermines the Federal Land Policy and Management Act (FLPMA)'s multiple-use requirement for BLM lands, as it would hinder access to public lands for recreation, forest management, energy and critical mineral development, and grazing.

A <u>Recreational Trails Full Funding</u> bill is expected to be introduced soon that requires the Federal Highway Administration to estimate the amount of gas taxes paid by non-highway recreational users (ATVs, UTVs, snowmobiles, etc.). Gas taxes paid by OHV users fund the Recreational Trails Program (RTP).

- It is estimated that OHV users pay more than \$270 million each year in gas taxes—money that is supposed to be used to fund the Recreational Trails Program (RTP)—but the program is currently funded at \$84 million.
- This legislation will increase RTP funding to \$250 million, or the amount the Federal Highway Administration estimates OHV users are spending, whichever is higher.
- The RTP provides funds to states to develop and maintain outdoor recreational trails, allowing millions of Americans and their families to enjoy activities such as off-roading, snowmobiling, hiking, bicycling, and cross-country skiing.

Motorsports Fairness and Permanency Act

Currently, Congress has authorized the accelerated depreciation of racetracks through December 31, 2025, although this tax incentive must be made permanent to provide certainty to tracks making long-term investments.

The Federal Tax code defines a "motorsports entertainment complex" to mean a racetrack facility that "(i) is permanently situated on land, and (ii) during the 36-month period following the asset being placed in service, hosts 1 or more racing events for automobiles (of any type), trucks, or motorcycles which are open to the public for the price of admission."

Accelerated depreciation of investments in a motorsports entertainment complex applies to capital expenditures in a facility's ticket booths, race track surfaces, suites and hospitality facilities, grandstands and viewing structures, props, walls, facilities that support the delivery of entertainment services, other special-purpose structures, facades, shop interiors, and buildings in addition to support facilities (including food and beverage retailing, souvenir vending, and other non-lodging accommodations), parking lots, sidewalks, bridges, fences, and landscaping. The tax incentive does not, however, apply to transportation equipment, administrative services assets, warehouses, administrative buildings, hotels, or motels.

SEMA supports <u>S. 2462/H.R. 2696</u>, the "Motorsports Fairness and Permanency Act of 2023," a bill to amend the Federal Tax Code to make permanent the seven-year recovery period for investments in motorsports entertainment complexes.

U.S. Senator Mark Warner's (D-VA) bill, <u>S. 2462</u>, has five bipartisan cosponsors and awaits consideration in the Senate Finance Committee. U.S. Representative Claudia Tenney's (R-NY) bill, <u>H.R. 2696</u>, has 16 bipartisan cosponsors and awaits consideration in the House Ways and Means Committee.

- There are over 1,500 racetracks across the U.S., which provide affordable, family-friendly entertainment.
- Racetracks play an important role in providing jobs and a sense of community in towns throughout the U.S.
- The majority of motorsports facilities are small businesses that employ many hard-working Americans and provide positive economic benefits to the surrounding communities they serve.
- Congress should make this provision permanent so all owners can make necessary investments in their tracks and property to ensure that racing continues to be available to enthusiasts nationwide.

Tax Relief for American Families and Workers Act

The SEMA-supported "Tax Relief for American Families and Workers Act," <u>H.R. 7024</u>, renews key tax incentives that help businesses of all sizes. The bipartisan \$78 billion tax bill allows for the reinstatement of the expensing of research and development (R&D) and investments in equipment, reduces reporting for small businesses using subcontractors, increases the small business expensing cap by nearly 30%, and expands the Child Tax Credit through 2025. The SEMA-supported bill from U.S. House Ways & Means Chairman Jason Smith (R-MO) passed the U.S. House in January with bipartisan support by a margin of 357 to 70. The bill now awaits consideration in the Senate Finance Committee.

Key sections of the bill include:

Restores immediate expensing for R&D for tax years 2021 through 2025:

- Currently, businesses must deduct R&D expenses for research done in the United States over five years and over 15 years for research outside the United States.
- Allows businesses of all sizes to deduct the cost of their U.S.-based R&D investments during the year they were made--encouraging American innovation and improving our competitive position versus China and the rest of the world.
- The provision delays the date when taxpayers must begin deducting their research or experimental costs over five- and 15-year periods until tax year 2026.

Interest deductibility:

- Provides flexibility for businesses forced to borrow at higher interest rates to meet their payroll obligations and expand their operations.
- Starting in 2022, employers faced a more restrictive limit on how much business interest they can deduct each year. Instead of using "earnings before interest, taxes, depreciation, and amortization," companies can currently deduct interest expenses only up to 30% of their "earnings before interest and taxes."

100% expensing:

- Restores full and immediate expensing for investments in machines, equipment, and vehicles.
- Currently, businesses can only deduct 80% of the cost of equipment, machinery, and vehicles, with the rest of the deduction claimed over the life of each asset.

Expand small business expensing cap:

- Increases the amount of investment that a small business can immediately write off to \$1.29 million, a \$290,000 increase above the current \$1 million cap.
- Allows a taxpayer to expense the cost of qualifying property rather than recover such costs through tax depreciation deductions, subject to limitation. Qualifying property is defined as tangible personal property, off-the-shelf computer software, and qualified real property that is purchased for use in the active conduct of a trade or business.

Cut red tape for small businesses:

 Adjusts the reporting threshold for businesses that use subcontract labor from \$600 to \$1,000 and indexes it for inflation (first update since the 1950s).

Congressional Automotive Performance and Motorsports Caucus

Legislators Who Support the Hobby

Did you know that many Members of Congress are big fans of hot rods, racing, off-roading, muscle cars, and restored classics? This group of representatives has publicly recognized the importance of our industry by joining the Congressional Automotive Performance and Motorsports Caucus.

The Caucus was formed in 1996 in honor of the 100th year of the invention of the car and to recognize the contributions the automotive performance and motorsports industry has made to the U.S. economy. With over 70 members, this informal Congressional caucus pays tribute to the quality, performance, and safety of motor vehicles and to America's ever-growing love affair with the automobile.

The Caucus keeps lawmakers informed about the American automotive specialty and performance industry – an important economic engine, with \$52 billion in annual consumer sales and which provides jobs for 1.3 million Americans. Growing exports of these U.S. products are welcomed by consumers worldwide. Meanwhile, hundreds of thousands of amateur and professional participants enjoy motorsports competitions each year throughout the United States, attracting attendance more than 20 million.

The Caucus helps raise the industry's profile on Capitol Hill and in the eyes of the public. From pre-World War II classics to street rods to '60s muscle cars to late model hybrids, these vehicles are testimony to American ingenuity and craftsmanship. They are also a source of recreation for millions of enthusiasts and collectors throughout the U.S. who attend events dedicated to these vehicles. Count the Caucus members among this large gathering of fans!

The Caucus binds together lawmakers who share a common interest in the industry, although it does not seek to reach a consensus on legislative issues.

If your legislator is not a member of the Caucus, ask them to join!

Congressional Automotive Performance and Motorsports Caucus Members

U.S. SENATE

Marsha Blackburn (R-TN)
John Boozman (R-AR)
Mike Braun (R-IN)
Michael Crapo (R-ID)
Joe Manchin (D-WV)
Roger Marshall (R-KS)
Shelley Moore Capito (R-WV)

Jerry Moran (R-KS)
Markwayne Mullin (R-OK), *Co-Chair*Gary Peters (D-MI)
Debbie Stabenow (D-MI)
Jon Tester (D-MT), *Co-Chair*Todd Young (R-IN)

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CÁR GUY ADVENTURES



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PROTECT OUR INDUSTRY

The SEMA & PRI PAC allows you to contribute personal funds to help promote and defend our policy priorities while defeating and removing those who threaten our industry from Washington.





THE FUTURE IS ON THE LINE.

WHAT'S AT RISK?

- The right to modify your own vehicle
- Extreme regulations and EPA enforcement
- · Bans on internal combustion engines
- Freedom to access public lands for off-roading
- · The closure of local and community race tracks across America
- · Your right to race

THE AUTOMOTIVE AFTERMARKET **IS A \$52 BILLION INDUSTRY** SUPPORTING OVER 1 MILLION **AMERICAN JOBS. IT'S TIME** FOR US TO SPEAK UP.

OF YOUR CONTRIBUTIONS WILL OF YOUR CONTRIBUTIONS WHELP SEMA, PRI AND THEIR
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By law, contributions to SEMA & PRI PAC are not deductible as charitable contributions for federal income tax purposes. Contributions are limited to \$5,000 per calendar year. Your contribution must be made from your own funds, and funds may not be provided to you by another person or entity for the purpose of making the contribution. Contributions must be made by a personal check or credit card, drawn on sole proprietorship or partnership. Corporate checks and corporate credit cards are prohibited by federal law. Contributions from foreign nationals and federal government contractors are prohibited. Participation is strictly voluntary, and the suggested amount of a contribution is only a suggestion; the amount given, or the refusal to give, will not benefit or disadvantage the person being solicited. Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation, and employer of individuals whose contributions exceed \$200 in a calendar year.

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No minimum contribution – yet every dollar counts! SEMA & PRI PAC are about strength in numbers and that's why we need your help. The maximum individual contribution is \$5,000 per year. We accept donations in monthly installments or lump sums.



DEFENDING YOUR INDUSTRY, YOUR VOICE AND YOUR FUTURE.

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Thank you for your contribution.

SEMA & PRI PAC will help ensure our legislative and regulatory priorities are met. Please send this completed form to the address below or to PAC Manager Alicia Steger at alicias@sema.org.

SEMA Business Member SEMA Individual Member



Alicia Steger PAC Manager 202-783-6007 alicias@sema.org Specialty Equipment Market Association
1317 F Street, NW, Suite 500, Washington, DC 20004
SEMApac@sema.org
www.semapac.com • www.performanceracing.com/pac

Rally Social Media

Below are sample social media posts and graphics that SEMA and PRI members can use to amplify the 2024 Washington Rally.

Post 1

I'll be there!

Excited to join @Sema_News, @prishow, and members of Congress in DC for the 2024 Washington Rally. The SEMA & PRI Washington Rally is a great opportunity to make sure our federal lawmakers understand the issues that impact the specialty automotive aftermarket and motorsports parts industry! #SEMAOnTheHill #PRIOnTheHill

Post 2

The specialty automotive aftermarket contributes nearly \$337 billion to our economy annually and employs over 1.3 million Americans. It's important that our lawmakers support our industry!

I'm at the 2024 Washington Rally with @Sema_News @prishow! #SEMAOnTheHill #PRIOnTheHill

Post 3

At the 2024 Washington Rally, I'm telling lawmakers how banning the sale of new ICE vehicles would hurt small businesses & the auto aftermarket industry, which employs 1.3 million Americans! Thanks for the opportunity @Sema_News @prishow #SEMAOnTheHill #PRIOnTheHill

Post 4

#DidYouKnow modifying vehicles creates jobs for over 1.3 million workers across the US? I'm at the 2024 Washington Rally to stand with @Sema_News @prishow to tell Congress to stand with consumers, workers, and small businesses. #SEMAOnTheHill #PRIOnTheHill

Post 5

At the 2024 Washington Rally, I'm telling lawmakers to expand H.R. 906, the REPAIR Act, to protect the Right to Modify and pass the bill. Specialty automotive aftermarket businesses employ 1.3 million Americans! Thanks for the opportunity @Sema_News @prishow #SEMAOnTheHill #PRIOnTheHill

Post 6

At the 2024 Washington Rally, I'm telling lawmakers to pass H.R. 6492, the "EXPLORE Act," and S. 873, the "American Outdoor Recreation Act," to expand motorized recreational access and experiences on public lands. These bills are critical to the \$1.1 trillion (annual) outdoor recreation economy! Thanks for the opportunity @Sema News @prishow #SEMAOnTheHill #PRIOnTheHill

Social Media example posts include the handles to SEMA & PRI's Facebook pages.

Social Media Handles

Facebook

@SemaNews @prishow

Instagram

@SEMA Association @myPRIshow

LinkedIn

Specialty Equipment Market Association (SEMA) or Performance Racing Industry (PRI)

X – Formerly Twitter

@SEMAMembers @prishow

Event Hashtags

#SEMAOnTheHill #PRIOnTheHill

Graphics can be downloaded HERE.

