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Updated Study Finds FTC Final Rule on Auto Retail Would Significantly Increase Consumer’s Time and Costs When Purchasing a Vehicle

ANN ARBOR, Mich. – June 3, 2024 – The Center for Automotive Research (CAR) has released an updated study assessing the costs and impacts associated with the Federal Trade Commission’s (FTC) Vehicle Shopping Rule (VSR), also referred to as the *Combating Auto Retail Scams Trade Regulation Rule* (“Final Rule”).

In May 2023, CAR released its initial study assessing the FTC’s notice of proposed rulemaking, *Motor Vehicle Dealers Trade Regulation Rule* (“Proposed Rule”), called the *Assessment of Costs Associated with the Implementation of the Federal Trade Commission Notice of Proposed Rulemaking*.

The Final Rule, while pared down from the Proposed Rule published in July 2022, is largely a subset of the notice of proposed rulemaking and would have unintended consequences for consumers and franchised lightduty vehicle dealerships across the country. According to CAR’s estimates, the Final Rule, published on January 4, 2024, would require an additional hour, reduced from the original 2-hour estimate, to complete the vehicle purchasing process, divided across the sales process and the review of financial disclosures and documentation required to comply with the rule.

CAR’s research shows that the impact on consumers goes beyond just additional time and includes financial implications. The extended purchasing process would likely result in costs passed on to consumers.

CAR revisited the dealer compliance costs resulting from the Final Rule including updated and ongoing training, investments in IT systems, as well as planning, preparation, and compliance review. The recomputed study found that each dealership location would face median upfront compliance costs of USD 31,450 with the average recurring annual costs for dealers at approximately USD 39,862 per location, ranging from USD 14.39 to 17.24 million over a ten-year period for automobile dealers nationally.

Furthermore, CAR's recompute of its original assessment estimates the Final Rule will generate a net cost of USD 24.1 billion over 10 years, reduced from the original CAR Report estimated net cost of USD 38.1 billion.

The full study conducted by CAR is available for review and can be accessed via the following link: <https://www.cargroup.org/publication/assessment-of-cost-associated-with-the-implementation-of-the-federal-trade-commission-notice-of-proposed-rulemaking-addendum/>.

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Center for Automotive Research

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