

In November 2023, nearly 4,000 auto dealerships, representing every major brand and from every state, signed a letter to President Biden raising the alarm that electric vehicles were piling up on dealer lots. In early 2024, more than 5,000 dealerships signed a second letter, stressing that our customers were voicing serious concerns about the affordability, reliability, and performance of electric vehicles.

On behalf of our customers, we cautioned that overly aggressive electric vehicle regulations would be out of step with customer demand.

The final regulations adopted by the EPA in April made some modest adjustments to the original proposal, but we warned that they would "require an increase in sales of electric vehicles that is far beyond the consumer interest we are experiencing at our dealerships." Six months later, with the 2024 elections fast approaching, it's clear that our fears were warranted.

Electric vehicle sales have flatlined this year, barely inching up from 8% of sales in 2023 to 9% in 2024 — despite generous taxpayer-financed government subsidies, an unprecedented level of incentives from manufacturers, and more EVs on the market.

Worse still, according to a report released in June by the respected McKinsey Co, an alarming 46% of EV owners in the U.S. said they were "very likely" to switch back to owning a gas-powered vehicle for their next purchase. A recent report by consulting firm EY found that American car buyers are nearly one-third less likely to buy an EV today than they were last year.

The data points to one conclusion: customer interest in EVs is slowing while government EV mandates are accelerating.

Analytics aside, we are hearing directly from customers every day at our dealerships. They are concerned about access to charging, and the time it takes to charge an EV compared to fueling a gas vehicle. They worry about battery replacement costs, performance in cold weather, higher insurance costs, unpredictable electricity charging rates, and plummeting resale values for electric vehicles. Many consumers just can't afford to buy electric vehicles, which are on average nearly \$9,000 more than a comparable conventional vehicle. According to Cox Automotive, electric vehicles lose more value than another other type of vehicle, retaining less than 50% of their original value after three years. This makes purchasing an EV a risky financial decision, one many families can't afford to make.

And finally, we simply look at our lots and see the EVs piling up.

This problem is going to get much worse very fast. Beyond the EPA de facto EV mandate, more than a dozen states, representing 30% of total sales in this country, will require that one in three vehicles sold in their states be EVs by this time next year. And that mandate goes up each year, requiring two out of five in 2026, one-half in 2027, relentlessly climbing until reaching a total ban on the sale of gas vehicles in 2035.

The government may be able to force auto companies to make EVs and dealerships to sell them, but they can't force Americans to buy EVs.

These mandates cannot stand. They are out of touch with the state of EV technology, charging infrastructure, and most of all, the American consumer. Make no mistake, if they are not changed, the cost of gas vehicles will skyrocket, as consumers vie for a shrinking pool of non-EVs.

We implore government leaders from both parties, at the federal and state level, to get rational. These mandates must be revised in the new year or the American consumer — our customer — will find that they can no longer afford to buy a new car. Instead, they will hold on to their older, less fuel-efficient cars — which is exactly the wrong direction for the environment, automotive jobs, and the economy.

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