

Perry Watson III
President, Toyota/Lexus Minority Dealer Association
(TLMDA)
Owner/Principal, Lexus of Mishawaka (Mishawaka, IN)

In his presentation, Mr. Watson praised the Congressional Black Caucus Members for their support and hard work to ensure the Car Allowance Rebate System (CARS) program was equitable to minority dealers and import manufacturers whose dealer body is ethnically diverse.

The CARS program, commonly known as "Cash for Clunkers", provided consumers up to \$4,500 in credit for trading in their cars or trucks and purchasing more fuel efficient vehicles. \$1 billion was initially allocated for the program in July 2009. An additional \$2 billion in funding was added a month later.

Vehicles that qualified for the credit must have been:

- at most 25 years old;
- 18 mpg or less;
- in drivable condition;
- registered; and
- insured for the past year.

The new vehicle was required to have a manufacturers suggested retail price (MSRP) less than \$45,000 and achieve minimum combined fuel economy levels (22 mpg for cars, 18 mpg for trucks).

The CARS program was clearly a success. It achieved its goal of getting inefficient cars and trucks off of the road, and replaced with highly efficient, high mileage vehicles. The program has been a great benefit to consumers, dealers, and local economies across the nation.

As a Member of the Board of the National Association of Minority Automobile Dealers (NAMAD), Mr. Watson expressed concern about losing over 200 minority dealers in 2008. He went on to forecast that 2009 would be worst due to the following factors:

- the bankruptcy of General Motors and Chrysler;
- the elimination of brands (e.i., Pontiac, Saab, Hummer, and Saturn);
- the reduction of Chrysler and General Motors dealer count (with minorities disproportionately affected);
- the collapse of credit markets for automobile floor planning and working capital loans; and
- the fact that many 1st generation dealers have lower capital reserves to survive this downturn.

Finally, Mr. Watson encouraged conference participants to seek out and support

minority dealers by purchasing or leasing their next vehicle from a minority dealer. Minority dealers can be identified through the NAMAD and TLMDA websites (www.namad.org and www.tlmda.org).