

December 3, 2020

Dear Colleague,

I hope this note finds you and your family safe and healthy. It has certainly been a whirlwind of a year, one that might be best put behind us in the hopes that 2021 will bring better days.

After 8 weeks of a complete North American production shutdown - the first since WWII - extended closures of dealership operations, massive supplier distribution disruptions and over a 50% decline in new vehicle purchases, 2020 sales are expected to finish about 16% lower than last year and may take up to 3 years to return to pre-2020 sales levels. It has been a tough year. But, while the coronavirus pandemic posed substantial challenges to the auto industry, automakers, dealers, suppliers and consumers have shown astounding resiliency too. Consumer demand has rebounded quickly and continues to strengthen as the weeks go by.

As we turn to 2021, there are a few issues that we at Auto Innovators are paying particular attention to that I would like to highlight for you:

1. **Third party direct access to vehicle data.** Proponents of the 2013 Massachusetts right-to-repair campaign (the Auto Care Association (ACA) and the Coalition for Automotive Repair Equality (CARE)) successfully pushed a ballot question in Massachusetts this past November to mandate direct third party access to vehicle telematic data. Under the guise of needing such access for independent repairers to remain competitive with dealer-based repair shops, the newly minted Data Law mandates real-time, bi-directional remote access directly into vehicle systems. It creates enormous vehicle cybersecurity and consumer privacy concerns and does it on a timeline that is impossible for automakers to meet. Effective early December 2020 and applicable to MY22 vehicles, the Data Law is now the subject of litigation as filed by Auto Innovators in federal court.

Our primary concern here is copy-cat legislation in other states, whether pursued by ACA and CARE or perhaps more likely, other allied groups. The Massachusetts law is applicable only in Massachusetts and given the amount of out-of-state aftermarket support for the ballot effort, we can easily see this popping up elsewhere. Should something get filed in your state, an aggressive wide-reaching opposition effort will be needed. Early-warning and engagement is key, so if you learn of anything, we should connect ASAP. Our two organizations will need to work jointly to defeat any such measures.

2. **Zero Emission Vehicles.** Auto Innovators and our member companies are committed to the long-term goals of lower carbon transportation, and our members are actively working to reduce greenhouse gas and criteria emissions, improve vehicle fuel economy, and increase the number of advanced technology vehicles brought to market. Our industry's investments in ZEV development are expected to reach over \$250 billion globally by 2023. Because of this massive industry-wide investment, around 130 electric vehicle models are expected to be available by 2025.

Auto Innovators does not support a ZEV mandate, however. Mandates are ineffective and costly and do not guarantee the necessary customer demand and market conditions for increasing ZEV sales. But as automakers look to bring more ZEVs to market and dealers work to sell more, a lot must fall into place in order to bring the consumer part of that equation into focus. Specifically, infrastructure development, grid resiliency, purchase incentives, construction and building codes, state fleet adoption and much more.

We would like to work hand-in-hand with you and your team to promote and support positive legislation in your state that actually puts into place policies and programs that move the needle forward in the transition to an electrified future. With those in place, there is no need for mandates.

3. **Franchise.** If you are planning to introduce franchise legislation in 2021, please reach out to me (abrink@autosinnovate.org), David Bright (dbright@autosinnovate.org) or our local representative so we can have a discussion as early as possible, ideally pre-introduction. As you know, together we have had some success resolving issues without the need for legislation in the past. Let's give it a try - haven't we got enough on our collective plate already!?

These are just a few of the more important issues I wanted to highlight to you. Much like your own issue set I suspect, our complete list is much, much longer. It looks as if 2021 will still present substantial challenges, particularly in the first half of the year. I sincerely hope we can do as much as possible working together rather than against each other.

I wish you, your family and your association team a happy holiday season with much rest and relaxation.

Best regards,

A handwritten signature in blue ink that reads "Amy Brink". The signature is written in a cursive style with a clear, legible name.

Amy Brink