



NATIONAL AUTOMOBILE DEALERS ASSOCIATION  
8400 Westpark Drive • McLean, Virginia 22102  
703/821-7040 • 703/821-7041

Legal & Regulatory Group

September 13, 2013

**SUBMITTED ELECTRONICALLY**

Via email to [director@fasb.org](mailto:director@fasb.org)

File Reference No. 2013-270

Technical Director  
File Reference No. 2013-270  
FASB, 401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

**Re: Leases (FASB Project 2013-270, Accounting Standards Update Topic 842).**

The National Automobile Dealers Association (“NADA”) and its American Truck Dealers division (“ATD”) represent over 16,000 franchised automobile and truck dealers who sell and lease new and used motor vehicles and engage in service, repair, and parts sales throughout the United States. The ATD division has over 1,800 members who sell and lease new and used commercial trucks and tractors. Together they employ approximately 1,000,000 people nationwide, over 100,000 by ATD dealers alone. The majority are small businesses as defined by the Small Business Administration.

NADA/ATD supports the comments filed September 10, 2013 by the Truck Renting and Leasing Association (“TRALA”)<sup>1</sup>, as well as those submitted September 9, 2013 by a coalition of industries led by the U.S. Chamber of Commerce and the Equipment Leasing and Finance Association (“Chamber Coalition”)<sup>2</sup> to the FASB Exposure Draft, Proposed FASB Accounting Standards Update (Revise), Leases (Topic 842) (“Proposed Lease Standards.”). Specifically, NADA/ATD shares the concerns expressed by the Chamber Coalition that the Proposed Lease

---

<sup>1</sup> TRALA comments filed by Thomas M. James on September 10, 2013, found here:  
<http://www.fasb.org/cs/BlobServer?blobkey=id&blobnocache=true&blobwhere=1175827592638&blobheader=application%2Fpdf&blobcol=urldata&blobtable=MungoBlobs>.

<sup>2</sup>; Chamber Coalition comments filed September 9, found here  
<http://www.fasb.org/cs/BlobServer?blobkey=id&blobnocache=true&blobwhere=1175827591144&blobheader=application%2Fpdf&blobcol=urldata&blobtable=MungoBlobs>.

Financial Accounting Standards Board  
September 13, 2013  
Page 2

Standards “may increase financial reporting complexity, impose substantial costs on businesses, lack any benefits for investors and drive economic activity rather than reflect it.”<sup>3</sup> NADA/ATD also support TRALA’s recommendation that FASB delay adoption of the Proposed Lease Standards until such time as an adequate cost/benefit analysis of the changes is undertaken, including a comparison of the relative costs and benefits of increased footnote disclosures<sup>4</sup> as compared to the more drastic capitalization that would be required pursuant to the Proposed Lease Standards.

Most importantly (as NADA/ATD has advocated in previous comments),<sup>5</sup> NADA/ATD believes that FASB/IASB should adopt a *de minimis* exception under the Proposed Lease Standards that would exempt lease transactions of less than \$250,000, and allow lessees (and lessors) the option of accounting for such “small ticket” leases in accord with current practice. As such, NADA/ATD agrees with TRALA that “right-to-use equipment leases with terms of 60 months or less and less than \$250,000 in equipment costs should continue to be accounted for as operating leases.” As noted in comments filed by the American Trucking Associations, “[e]ven if . . . there is a need for drastic revision of existing standards with respect to real estate leases or the long-term lease of expensive equipment such as aircraft, this does not necessarily speak for such a need in the case of shorter leases of less valuable assets, such as motor vehicles. Not only are a large proportion of such transactions simply a different kind of lease altogether . . . they will be, for a great many if not most lessees, of dubious materiality.”<sup>6</sup>

NADA/ATD shares the concern of TRALA, the Chamber coalition, and many others, that administrative and analytical costs of the proposed changes for small businesses would outweigh any benefit accomplished by reconciling the “operating lease” and “capital lease” accounting methods –particularly in the context of small ticket vehicle operating leases. Such compliance costs would yield few, if any benefits in transparency regarding small ticket leases, and may discourage small ticket lease activity.

NADA/ATD members hope to avoid an unnecessary distortion of the market to the detriment of their customers. We share the belief that the Proposed Lease Standard, while well-intentioned in terms of increasing financial transparency, is, with respect to small ticket items like those in the vehicle leasing context, overbroad and counterproductive. Whatever the perceived deficiencies in financial reporting of leases may be, we do not believe those same deficiencies exist in the truck leasing market. NADA/ATD urges FASB to carefully consider the comments by TRALA, the Chamber coalition, and others, and to carefully study the real-world impact of the proposal in greater depth before adopting the Proposed Lease Standards.

---

<sup>3</sup> Chamber coalition comments at pp. 1-2.

<sup>4</sup> As advocated by numerous commenters including the Chamber Coalition.

<sup>5</sup> NADA/ATD comments filed July 17, 2009, found here: <http://www.ifrs.org/Documents/CL157.PDF>

<sup>6</sup> See comments filed September 11, 2013 by Warren Hoemann and Robert Pitcher of the American Trucking Associations, at p.3 found here: <http://www.fasb.org/cs/BlobServer?blobkey=id&blobnocache=true&blobwhere=1175827605184&blobheader=application%2Fpdf&blobcol=urldata&blobtable=MungoBlobs>

Financial Accounting Standards Board  
September 13, 2013  
Page 3

NADA/ATD members wish to continue to serve their customers with truck sales, leasing, service and parts and NADA/ATD stands ready to help them do so. Thank you for the opportunity to comment, please let us know if we can be of assistance in any way.

Sincerely,

/s/

Bradley T. Miller

Associate Director, Legal and Regulatory Affairs