

Testimony of Michael A. Molino, CAE  
President, RVDA – The National RV Dealers Association  
before the  
House Subcommittee on Economic Development, Public Buildings, and  
Emergency Management

March 20, 2007

Madam Chair, and members of the committee, thank you for inviting me to testify today.

I am here to tell you about the impact that government sales of RV travel trailers no longer needed for emergency housing could have on RV dealers and the general public.

RVDA is the national association of RV dealers and represents more than 2,700 small businesses that sell travel trailers and motorhomes. According to the most recent U.S. Census, 58 percent of RV dealers have 8 or fewer employees.

RVDA and its members understand that FEMA has a difficult task. Providing shelter after a natural disaster can be grim, but it is also a noble and necessary responsibility for government and industry.

In the aftermath of Hurricane Katrina, FEMA contacted hundreds of our RV dealer members for travel trailers to use in the disaster areas. In the late summer and fall of 2005, America's RV dealers responded. RV dealers began delivering travel trailers to FEMA just days after the hurricane. FEMA contracting agents required quick turnaround times. Dealers often stretched their employees to the limit to meet the deadlines.

RV dealers across the county, who are primarily in the business of providing vehicles for vacation travel, found themselves in the unfamiliar position of government supplier in a crisis situation.

Dealers also supplied RVs to emergency responders, utility companies, relief workers, insurance companies, and other organizations that needed to be on the ground throughout the Gulf Coast.

RV dealers, like so many Americans, also conducted food drives and offered jobs to those displaced by the hurricanes. Now, in the aftermath of this unprecedented use of RV travel trailers during a national emergency, RV dealers respectfully request that our government take into consideration the impact that large scale sales of surplus RV travel trailers will have on dealers, their employees, and public safety.

Media reports and our own contacts at FEMA tell us the agency, through GSA, is preparing to auction as many as 46,000 travel trailers to the general public. To put this in perspective, last year the industry retailed 154,693 new travel trailers. The release of 46,000 trailers would approximate 30 percent of 2006 new unit sales for all U.S. RV dealers.

When you drill down to the local level, the impact is even more dramatic. For example, on March 16<sup>th</sup>, 2007, the GSA auction Web site listed 61 trailers for sale in Purvis, Mississippi. The sale was scheduled for March 19<sup>th</sup>, 2007. Purvis is in Lamar County.

In 2006, a total of 79 new travel trailers were sold in the entire county. That means, in one day, the government will try to sell 77 percent of all the travel trailers registered in that county in 2006. As you can imagine, the public auction of so many vehicles at one time can ruin that local market for months to come.

The practice of selling directly to consumers also raises significant public safety implications. These vehicles appear simple but are really rather complicated with electrical, plumbing, and propane gas systems that power sophisticated heating and cooling units, fire safety equipment, and gas leak detectors. Consumers could face many problems unless the vehicles are thoroughly checked out, serviced, repaired, and reconditioned by qualified technicians.

In recent months, we know FEMA has issued its own guidelines and worked with public safety agencies to help educate disaster victims on how to use propane and other systems properly. Is there a plan to educate consumers buying these units at GSA auctions?

We understand that FEMA and GSA must seek the best possible return for taxpayers.

We understand that the government conducts liquidation auctions where it sells items in large quantities. Selling these trailers in lots, instead of individually, seems to make better sense for all concerned.

Requiring sales in lots would make it more likely that the vehicles get back into the stream of commerce through a licensed dealer who is capable of ensuring the safety and serviceability of the unit.

The issue of unfair government competition with small business obviously concerns all of us. However, safety is also an issue. By selling these vehicles through dealers, FEMA and GSA would be providing the public with a greater assurance of safety and reliability.

RVDA – the National RV Dealers Association – is in a unique position to help solve the government’s problem of too many travel trailers, while minimizing the disruption of a \$15 billion industry that provides Americans a great way to vacation and travel.

We can help to immediately inform dealers about when surplus trailers will be available, where the trailers are stored, and other important information. More dealers may want to bid on the trailers, but the current auction process is not well-known among dealers and is difficult to understand.

By opening the lines of communications with RV dealers, FEMA and GSA can get more of these trailers into dealerships, where they can be serviced and sold in a way that is in everyone’s best interest.

In conclusion, America’s RV dealers are looking for solutions that meet the needs of the government, the RV industry, and the public. Thank you for holding this important

hearing. We look forward to working with Congress, FEMA, and our RV industry partners on this issue now and in the future.