THE WANADA BULLETIN
NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA
WANADA Celebrating 100 Years of Service (1917-2017)

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Headlines…

$15 minimum wage in MoCo would lead to loss of 47,000 jobs by 2022

If Montgomery County raised its minimum wage from $11.50 -- that went into effect last month -- to $15 an hour, 47,000 jobs would be lost by 2022, according to a new study. County Executive Isaiah Leggett commissioned the study through PFM Consulting Group to gauge the economic impact of a higher minimum wage. Leggett “reluctantly vetoed” a $15 minimum wage bill in January, saying it would hurt the county economically.

Focus groups show that $11 an hour is the minimum wage needed to attract workers to the county.

Most of the positions lost would be low-wage jobs. Because of the job losses, the county would lose $396 million in income between now and 2022, the study found. Survey and focus group results show that $11 an hour is the market rate that would attract low-wage workers to the county.

Proponents of a $15 wage said the study was flawed because researchers interviewed only employers, not employees. Their argument is based on providing a livable wage for all county workers. The study did find that the higher minimum wage would reduce hunger and improve employees’ mental health.

Just before the study came out, Council member Marc Elrich introduced a bill with a longer timetable for smaller employers to comply with a $15 minimum wage. The Council will debate that bill in the fall and will also hear a briefing by the study’s authors then.

The study did not look at the question of how a higher minimum wage might affect jobs that are now low-wage but not minimum wage. Employers might wonder whether the pay for those jobs would have to be bumped up.

Federal minimum wage remains at $7.25/hour, which Virginia has adopted as its minimum as well; the statewide minimum in Maryland is $9.25/hour. Prince Georges County's minimum wage catches up to Montgomery next October, which rises to $11.50/hour. DC is 12.50/hour.

In seventh straight month of dropoff, July sales fall 7 percent

Increased sales of SUVs like the Toyota RAV4 boosted the average transaction price.

In a sign that the industry is finally slowing down after several years of record sales, U.S. new-vehicle sales fell by 7 percent in July. The dropoff, which marked the seventh straight month of declining sales volume, came despite increasing incentives and inventories. But automakers were not panicking.

"U.S. auto sales continue to moderate from last year's record pace, but key U.S. economic fundamentals remain supportive of strong vehicle sales," said GM chief economist Mustafa Mohatarem. "Under the current economic conditions, we anticipate the second half of 2017 will be much stronger than the first half."

General Motors and Fiat Chrysler saw double-digit sales declines, and Ford, Nissan, Honda, Hyundai-Kia and Volkswagen all had lower sales. The Detroit Three blamed lower fleet sales, but their retail sales fell, too. Only Toyota, Lexus, Audi and Acura saw higher sales.

One bright note was the continued rise in average transaction price, to $34,721, up 1.7 percent from a year ago, according to Kelly Blue Book. KBB analyst Tim Fleming attributed the uptick to the increasing popularity of SUVs, though he noted that transaction prices for SUVs were not particularly strong in July. But SUVs still generally cost more than cars, so the changing sales mix would be enough to boost the transaction price.

Deadline is approaching for WANADA flu shot signup – August 31

Dealers who want to register their employees for WANADA's flu shot program should sign up soon. The deadline is August 31, and any request received after that date will be subject to vaccine availability.

The popular, yearly program will again be available onsite at WANADA member dealerships for adults aged 18 and older and will be administered by Norvar Health services.

Norvar will offer the trivalent (3-strain) and quadrivalent (4-strain) vaccines. The fee is $24 per shot for the trivalent vaccine and $31 for the quadrivalent, with a minimum of 20 participants required at each location. Dealerships with less than 20 participants will be billed as if 20 doses of the trivalent vaccine were administered. Adults 65 and older have a choice of getting the high-dose trivalent flu shot, which offers better protection against the flu and costs $48.

Registration can be done at www.norvarhealthservices.com under "Scheduling," or by calling 202-744-1360. Faxed registrations will not be accepted.

Norvar will begin conducting onsite visits starting October 2. All scheduling will be done by Norvar upon submission of registration. Norvar will contact the dealer's designated representative with the scheduled date and time and forward all appropriate forms. Norvar will invoice the dealership directly.

Automakers, EPA willing to work together on fuel economy

Just as the Alliance of Automobile Manufacturers said it is willing to discuss raising fuel economy standards, an Environmental Protection Agency official also reversed position and said the EPA is now willing to work with automakers.

With more buyers shifting to SUVs and trucks, like the Ford F150, automakers would have a harder time meeting the fuel economy standards they agreed to in 2011.

The Alliance found in a recent poll that Americans want better fuel economy in their vehicles. Almost two-thirds of those surveyed, including 63 percent of Republicans, said the government should increase fuel economy standards. Consumers polled said they are willing to pay for the increase, but not enough. Two-thirds said they would pay less than $2,500 to meet the government's new standards, but that would not cover the cost.

Under rules finalized by the EPA a few days before President Trump took office, automakers would be required to meet a fleetwide standard of 54.5 mpg by 2025. That was written into the deal made in 2011 between the EPA and the automakers, with a midterm review required by April 2018.

The Obama-era EPA studied the many public comments it received last year and issued final standards more than a year before the deadline, in January of this year. Those standards stuck to the original schedule of 54.5 mpg by 2025. NADA, automakers and others in the industry felt that their comments, that the market shift to more SUVs and trucks made it much harder for automakers to meet that goal, had been ignored.

After Trump met with automakers early in his administration, he announced that he would reopen the midterm review, which now has its original deadline of April 1, 2018. At an automotive conference in Michigan last week, an EPA official who a year earlier had been gung ho on enforcing strict clean air standards showed much more willingness to compromise and work with automakers.

"I think we have a convergence of interests here with the administration's focus on regulatory reform," said Chris Gundler, the EPA's air quality chief, according to the *Detroit Free Press*. "I think it presents a golden opportunity for us to rethink how emissions get done."

California, which under the Clean Air Act is permitted to write its own emissions and fuel economy standards, intends to stick with its own stricter standards. Several other states, including Maryland, and DC follow California standards.

Senate panel works on infrastructure plan of its own

The Trump administration has said a big infrastructure bill is a priority, and press secretary Sarah Huckabee Sanders reaffirmed that last week. But the administration has offered only a very general outline of what it wants. So a bipartisan group of senators from the Senate Environment and Public Works Committee has started working on its own plan, reports *The Hill*.

Other priorities will come first – tax reform, and even more important, funding the government and avoiding default. Last week, a big immigration bill was released. But some lawmakers hope to get an infrastructure bill passed before construction season starts in the spring.

One bipartisan bill would create an infrastructure financing authority to help states and localities work with the private sector on rebuilding, according to *The Hill*. The committee has held hearings on infrastructure funding, permit approval and public and private sector roles.

Dealers contribute billions to Maryland, Virginia economies

Fresh from NADA, the annual contributions of new-car dealers to Maryland's and Virginia's economies appear below:

Maryland:
294 dealerships
48,578 jobs created by dealerships (includes 24,429 direct jobs and 24,149 indirect and induced jobs)
83 employees – average per dealership
$19.7 billion total sales – 23.8 percent of total retail sales in the state
$1.4 billion combined annual payroll
$58,687 average annual earnings
$483 million state and federal income taxes paid (includes taxes paid for direct, indirect and induced jobs)
2 percent share of total U.S. new-vehicle registrations
10.7 years – average vehicle age

Virginia:
459 dealerships
65,502 jobs created by dealerships (32,667 direct and 32,835 indirect and induced)
71 employees – average per dealership
$23.2 billion total sales – 20.2 percent of total retail sales in the state
$1.8 billion combined annual payroll
$57,552 average annual earnings
$655 million state and federal income taxes paid (includes taxes paid for direct, indirect and induced jobs)
2.3 percent share of total U.S. new-vehicle registrations
11.8 years – average vehicle age

District of Columbia:
No new car dealerships in DC!

1997 Honda Accord, 2016 Toyota Camry were most stolen cars last year

The 1997 Honda Accord was the most stolen vehicle last year, and the Toyota Camry was the most stolen new (MY 2016) vehicle, according to the National Insurance Crime Bureau.

Honda Accords and Civics dominate this year's list, but they are older, pre-smart key models. Since the introduction of smart keys and other anti-theft technology, Honda thefts have fallen dramatically. But though thefts are down dramatically since their all-time high in 1992, thousands of vehicles continue to be stolen each year because owners leave their keys or fobs in the vehicles.

The rest of the top five vehicles stolen overall are the Civic, full-size Ford pickup, full-size Chevrolet pickup and Toyota Camry. The rest of the top five MY 2016 vehicles stolen are the Nissan Altima, Toyota Corolla, Dodge Charger and Ford Fusion.

NY to study device that measures texting while driving

In an effort to cut back on crashes caused by texting while driving, New York state will study the use of the textalyzer, which measures a driver's cell phone activity before a crash. The Governor's Traffic Safety Committee will look into the technology and questions of privacy and civil liberties.

The device is being made by an Israeli company and is not yet ready for the market. New York is one of 14 states (including Maryland) plus DC that bar a driver from using hand-held devices while behind the wheel. Still, from 2011 to 2015, after the ban was enacted, 12 people were killed and 2,784 were injured in cell phone-related crashes in New York, according to the Institute for Traffic Safety Management and Research.

"Despite laws to ban cell phone use while driving, some motorists still continue to insist on texting behind the wheel – placing themselves and others at substantial risk," said Gov. Andrew Cuomo when he announced the initiative.

Staying Ahead…

I am certain that after the dust of centuries has passed over our cities, we, too, will be remembered, not for victories or defeats in battle or politics, but for our contribution to the human spirit.

-- John F. Kennedy, 1962,
as inscribed on wall of the Center for the
Performing Arts in Washington that bears his name