

# 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...

I-95 Corridor Coalition tests idea of charging drivers per mile driven

Tesla continues its fight against state franchise laws, this time in Michigan

Former NADA chairman and Charitable Foundation chair Bob Mallon dies

New-car leasing drops in second quarter, breaking years-long rise

Another surprise: Average fuel economy rises in July

Uber, Lyft may lead to drop in car ownership, study finds

Many consumers willing to pay for full autonomy in their next car

Legislation to require cars to have alert system to check rear seat

Thought for the Week...

## I-95 Corridor Coalition tests idea of charging drivers per mile driven



Transportation agencies are looking for new ways to pay for road construction and upgrade.

Infrastructure in the U.S. is in dire need of repair and upgrade. Congress refuses to even consider raising the gas tax, although it has not been raised in nearly 25 years. The tax has not covered the cost of road repair for some time. Transportation authorities need to find another source of revenue. Both Maryland and Virginia have raised their state gas tax recently as part of larger transportation bills.

Some years ago, transportation planners came up with the concept of a user fee – a tax on drivers for the miles they drive, also known as vehicle miles traveled (VMT). The idea has

mostly been confined to policy circles, but the I-95 Corridor Coalition, made up of transportation agencies along the East Coast, is now testing it in Delaware and Pennsylvania.

The fee would be either in addition to or instead of the gas tax. The test is meant as an exploration of the idea rather than an endorsement, Coalition Executive Director Patricia Hendren told WTOP.com.

Other areas to be studied are how to apply the miles-driven fee on toll roads, how to address privacy concerns and how to account for out-of-state drivers, Hendren said.

The project is funded by a grant from the Federal Highway Administration. Project coordinators will also hear views of driver, trucking and tolling groups, and other East Coast transportation agencies.

## Tesla continues its fight against state franchise laws, this time in Michigan

Tesla keeps fighting for states to allow it to sell its cars directly to consumers instead of through dealers. As the first of its Model 3 sedans are released, the next battleground is Michigan. Tesla has filed suit against the state to overturn its direct sales ban, saying the ban discriminates against out-of-state interests. The suit promises to drag into 2018.



In Michigan the Tesla Model 3 must still be sold by dealers.

Whatever the outcome, the suit will set a precedent, David Cole, chairman emeritus of the Center for Automotive Research, told the *Detroit News*. Cole and other analysts have said that Tesla's promise so far is based on hype rather than sales.

Michigan consumers who want to buy a Tesla can view it at a gallery showroom in Nordstrom, similar to the one in Tysons Corner, Virginia. They would then order their car online and pick it up in a nearby state that allows direct Tesla sales to consumers without dealer retailers.

A bill introduced in the Michigan legislature last year by Rep. Aaron Miller (R) would allow Tesla and other automakers to sell directly to retailers rather than through dealers. The bill never got a hearing. But Tesla believes the increasingly conservative legislature may be more persuaded by free market arguments now.

Auto dealers, said the *Detroit News*, are "a powerful force in state politics." The article noted that a dealer-related political action committee has given more than \$1 million to elected officials in Michigan since 2011.

## Former NADA chairman and Charitable Foundation chair Bob Mallon dies

Robert P. Mallon, former chairman of NADA and chairman *emeritus* of the NADA's Charitable Foundation, has died at 83. Native of Takoma, Washington, he took over Mallon Ford from his father which he operated until he sold in 2001. Mallon was NADA Director for Washington State for 30 years.

"Bob's passion and dedication to the automobile business was unwavering through his decades-long service to advancing dealers and the goodwill that they do every day in their businesses," said 2017 NADA Chairman Mark Scarpelli.

Mallon established the NADA Charitable Foundation in 1975 and served as its first chairman. He was the driving force behind the creation of the NADA programs that have donated millions of dollars in charitable grants to individuals and organizations across the country.

With guidance from the NADA Foundation's board of trustees, Mallon established numerous charitable programs, including:

**The Ambassadors Program:** Established in 1994, individual dealer Ambassadors collectively donate more than \$250,000 in grants each year to organizations in their communities.

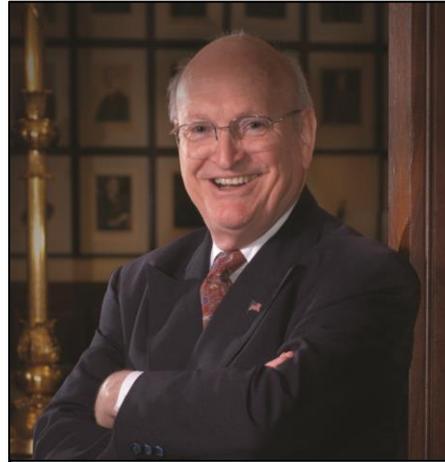
**Emergency Relief Fund:** More than \$6 million has been distributed to 9,200 dealership employees across the country since 1992.

**Frank E. McCarthy Memorial Fund:** More than \$250,000 in grants has been donated to Canine Companions for Independence, which provides trained service dogs to wounded veterans and children with disabilities.

**Medical Grants:** Through the support of dealer groups across the country, more than 4,800 CPR training units have been donated to local organizations.

**Memorial Funds:** Since 1985, nearly \$600,000 in college scholarships has been awarded to students through the Joseph J. Sanchez and John P. Winston memorial funds.

**Survivors Relief Fund:** More than \$780,000 in scholarships has been provided to 139 children of victims of the Sept. 11, 2001, terrorist attacks.



Bob Mallon

Mallon also established the NADA Foundation's International Freedom of Mobility Award in 1977. The award was presented each year to recognize an individual who preserved, protected and promoted personal freedom of mobility. The program ended in 2001.

Bob Mallon was a lifelong Rotarian and leader in Rotary International. He was also a good friend to WANADA dealer leaders and senior staff over the years. To his family and many friends, WANADA extends its sincere condolences.

## **New-car leasing drops in second quarter, breaking years-long rise**

Leasing share of the retail new-vehicle market fell to 30 percent in the second quarter from 32 percent a year ago. The analysis is by Ford Motor Co., based on figures from Power Information Network.

Although that may not seem like a big decline, it marks the first drop-off since before the Great Recession in 2009. The record lease numbers of the past few years helped drive up total retail sales. A lease allows a customer to have a lower monthly payment – \$100 less on average, according to Experian. Or a lease customer can opt to get more car for the same monthly payment.

Of course, lease customers have no trade-in and therefore no equity at the end of the lease. That may be sufficient downside for some to consider a move to buying their next car.

## **Another surprise: Average fuel economy rises in July**

The average fuel economy of new vehicles sold in the U.S. in July was 25.4 mpg, up 0.3 mpg from June, according to the University of Michigan.

The increase likely reflects the decreased proportion of light trucks in the sales mix in July compared with June, the researchers said. The value for July is up 5.3 mpg since October 2007 (when the monitoring began), but still down 0.1 mpg from the peak of 25.5 mpg reached in August 2014.

The University of Michigan Eco-Driving Index (EDI), which estimates the average monthly emissions of greenhouse gases generated by an individual U.S. driver, improved to 0.82 in May, down from 0.84 in April (the lower the value the better). The index shows that the average new-vehicle driver produced 18 percent lower emissions in May 2017 than in October 2007, but 4 percent higher emissions than the record low reached in November 2013.

The EDI takes into account both vehicle fuel economy and distance driven.

## Uber, Lyft may lead to drop in car ownership, study finds



The study found that ride-sharing users took fewer trips than car owners.

Uber and Lyft have been saying for years that ride-sharing companies would lead to fewer people owning cars. A new study shows there could be some truth to the claim.

Researchers from three universities surveyed Uber and Lyft customers in Austin, Texas, after the company had to leave the city because of a city ordinance. The surveyors found that 41 percent of the consumers used their own car to fill the void, and 9 percent bought a car. Several smaller ride-sharing companies that entered the market after Uber and Lyft left captured 42 percent of the consumers.

The researchers did find that those who had their own car took more trips than the ones who stayed with ride-sharing companies. The study was done by the University of Michigan Transportation Research Institute, Texas A&M Transportation Institute and Columbia University.

One news website, [theverge.com](http://theverge.com), wrote about the survey results, "It's an interesting snapshot, but far from the evidence of the wholesale demise of personal car ownership that has been the hallmark of ride-share company executive rhetoric for several years."

A study last year by the American Public Transportation Association found that users of Uber and Lyft own almost half a car less on average than people who never used ride-sharing services.

## Many consumers willing to pay extra for full autonomy in their next car

Although full autonomy in new vehicles is not yet widely popular, the same consumers ranked it among the features they would be willing pay more for in their next vehicle. The findings are the results of a survey by IHS Markit. Car owners were surveyed in the U.S., Canada, China, Germany and the U.K.

Just over half of U.S. consumers said they would like full autonomy in their next new vehicle, and they are willing to pay an average of \$780 for it. Highway autopilot (willing to pay \$538) and blind spot detection (\$488) are the next highest on the list of features. U.S. consumers are also interested in navigation systems, automatic emergency braking and steering wheel mounted controls.

Younger drivers are more interested in full autonomy than older drivers. Respondents reported that driving alone was their leading form of transportation, followed by walking and public transit.

Preventing child deaths from excess heat**Legislation to require cars to have alert system to check rear seat**

Legislation recently introduced in Congress would mandate the U.S. DOT to issue a rule requiring new vehicles to have visual and auditory alerts to the driver to check a car's back seat before exiting the vehicle. DOT would have to issue the rule within two years.

The legislation introduced in both houses of Congress, the Hot Cars Act of 2017, is intended to prevent excess heat deaths of children accidentally left in the back seat. The bill was introduced a few days after two infant boys died after being left in an overheated rear seat in Phoenix, AZ. Thirty children have died this year after being left in overheated back seats.

A child's body can overheat much faster than an adult's, and the temperature inside a car with the windows cracked can reach 125 degrees F. within minutes, according to KidsAndCars.org.

Several GMC models already have a rear seat alert system, and General Motors plans to make it available across all its brands later this year. Nissan plans to make its Rear Door Alert system available on the 2018 Pathfinder. Aftermarket kits are also available.

**Thought for the Week...**

You've got to try a little kindness, yes show a little kindness. Just shine your light for everyone to see.

--Glen Campbell

April 22, 1936 – Aug. 8, 2017

