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## **MADA Foundation honors former WANADA CEO Mike Murphy for industry contributions**

The Maryland Automobile Dealers Association Foundation honored the memory of Maurice J. (Mike) Murphy, WANADA's CEO from 1955-1982, at its Annual Unforgettable Gala last week at Columbia Country Club in Chevy Chase. More particularly, Mike Murphy was inducted posthumously into MADAF's Legends Hall, established to honor "those in the industry who made our industry the powerhouse it is today."

During his 27 year tenure as WANADA's second chief of staff, Mike Murphy transformed the DC centric Washington Automotive Trade Association into the major metropolitan market organization it became as Automotive Trade Association National Capital Area and, ultimately, Washington Area New Auto Dealers Association which WANADA is today. He did this working shoulder to shoulder with a host of Washington Area dealer leaders, the like of Wilson Howes, Wilson Pontiac and Honda, and Fred Bowis, Chevy Chase Cars, and dealer association executives the like of Cab Darrell, former CEO of MADA, all of whom have been similarly honored by MADAF at their annual Gala.



"The name 'Unforgettable' descriptively sums up what we Maryland dealers are trying to accomplish through our statewide organization, namely, to never forget and hold sacred the memory of those industry leaders who went before us whose considerable contributions over time shaped our automobile business for the better," said Sam Weaver, Chevy Chase Acura, MADAF chairman and Gala evening emcee. "Over a distinguished auto industry career, Mike chaired the North American dealer association group, Automotive Trade Association Executives, as well as the DC Citizens Traffic Safety Board, which laid the groundwork for



Sam Weaver, chairman, MADAF

Washington’s highway system, in and around the Capital Beltway, and ran those memorable Washington Auto Shows in the 1950s, ‘60s and ‘70s,” said Weaver . “And with the dealer leaders in those years -- any number of whom established second and third generation Washington area dealer organizations—worked tirelessly with NADA, MADA and VADA in getting federal, state, city and county laws on the books that enhanced the auto industry for the benefit of all concerned,” he said.



Charles Stringfellow (left) chairman of WANADA and wife Nancy, with “Donald Trump” who dropped in from the campaign trail with well wishes

A Washington, DC native who lived in the area his entire life, Mike Murphy attended the DC public schools attending and graduating from the University of Maryland, College Park with a degree in business. He married his wife of 66 years, Marguerite, before being commissioned in the U.S. Navy in World War II. Post war, Mike was the general sales manager at Community Auto in Bethesda, Md, an Oldsmobile dealership, after which he went with WANADA where his father, Richard Murphy, was CEO.

After working with Richard for four years, Mike took over as WANADA chief of staff in the mid 1950s.

Mike’s son, Gerry Murphy, came with WANADA after college on Mike’s watch in the mid 1970s, becoming WANADA’s third Murphy to head the organization in the early 1980s. Engaged currently with WANADA as its general counsel, Gala emcee

Sam Weaver called Gerry forward to respond to the recognition bestowed on his father and predecessor. “The automobile business was in Dad’s blood and he was passionate about it, as was his father before him, who headed WANADA and had been a dealer himself before that,” said Murphy. “My family members who are here tonight and I are completely touched by the outpouring of heartfelt reflections on Dad we’ve heard tonight, and are grateful to Sam, J.P. Bishop, Pete Kitzmiller and the entire MADA organization for putting this together,” he said.



From the left, Gerry Murphy accepting the MADAF award for Mike Murphy from Sam Weaver, with J.P. Bishop, chairman, MADA and Pete Kitzmiller, MADA CEO



2016 MADAF *Unforgettable Gala*, Columbia Country Club, Chevy Chase

“From a dealer association standpoint, tonight bespeaks how totally in sync MADA and WANADA are on behalf of Metro Washington and Maryland dealers, which Peter and John (O’Donnell) are so successfully carrying forward,” he said. “Mike Murphy was my hero and I couldn’t feel any prouder of his memory and our dealer organizations than I do right now.”

Upon stepping down as CEO of WANADA in the early 1980s, Mike Murphy remained connected with the organization for a number of years thereafter, consulting, principally, on the Auto Show. He passed in 2004 at the age of 93. Mike Murphy was the seventh industry leader recognized by MADAF at its Unforgettable Gala.

## Trump’s election and auto dealers: What lies ahead?



The Trump administration could mean fewer regulations and less overreach by the CFPB. Photo by [Gage Skidmore](#).

What will Donald Trump’s surprise election to the presidency mean for auto dealers? In his zeal to cut down on federal regulations, will President Trump dismantle the Consumer Financial Protection Bureau (CFPB)? Will the Affordable Care Act (aka Obamacare) be repealed? Will Detroit automakers stop making cars in Mexico?

As with any presidential candidate who wins office, there will likely be a wide gap between his campaign promises and his policies while in office. Campaigning and governing call for different rhetoric and actions. Some of Trump’s promises, such as building a wall along the full border with Mexico, would be impossible to

carry out, between the \$25 billion price tag and the diplomatic morasse that would ensue.

But promises he made repeatedly and strongly, such as repealing Obamacare, are clearly priorities. With the health care law, it helps that the House, which remains Republican, already voted to roll it back dozens of times. Both Senate Majority Leader Mitch McConnell and House Speaker Paul Ryan have said that repealing Obamacare is a high priority. The details are not so clear. It would be hard to tell 20 million people who have health care through the health care exchanges that they are no longer insured. For more information on the future of Obamacare, see the article below, “Trump likely to attack health care law quickly.”

Another measure Trump proposed during the campaign was putting a tariff on cars brought here from Mexico. That would cover a lot of “domestic” cars made by the Detroit Three. One estimate in the *Detroit News* put the potential extra cost at \$5,000 for a \$15,000 car.

A law curtailing the regulatory power of the CFPB, which NADA and dealers around the country lobbied for, likely has a better chance of passage now, according to an article in *Automotive News*. HR 1737, the Reforming CFPB Indirect Auto Financing Guidance Act, passed the House easily a year ago, and a companion bill, S 2663, was referred to committee in the Senate.

The bill would have had a harder time in the Senate, where Sen. Elizabeth Warren (D-MA) helped create the CFPB. Plus, Obama supports the agency and could well have vetoed the bill if it had reached his desk. The bill would likely do better under President-elect Trump, who is eager to curb regulatory power.

Because Trump has never held elective office, a great deal will depend on who he hires for his Cabinet. Some names have already been bandied about: former New York Mayor Rudy Giuliani, former House Speaker and onetime presidential candidate Newt Gingrich, and New Jersey Governor Chris Christie.

## NADA's take: Economic and market impact of the election

NADA Chief Economist Steve Szakaly, an expert at seeing how economic trends will affect auto dealers, offered the ups and downs of the impact of Trump's election on the economy.

Szakaly described the immediate downturn in the stock market as a reaction to fear and uncertainty, not to economic fundamentals. Stock markets hate uncertainty, and nothing could be more uncertain than a surprise presidential victory or than Trump himself. He has often contradicted himself and has offered few specifics on his policy agenda. But Szakaly believes the markets will quickly recover from the initial shock of the election.

Markets may well continue to react poorly in the short term, Szakaly said. But the more important short-term economic indicator – certainly for auto dealers – is consumers' reaction, and he expects them to be willing to spend.

“Both happy people and sad people tend to spend more as long as they have jobs and unemployment is at historic lows,” said Szakaly. Most likely, “economic activity will continue at the somewhat moribund rate we have seen of late.”

Szakaly thinks some of Trump's stated policy objectives will help the economy – lowering corporate taxes, increasing infrastructure spending and cutting back on business regulation. Attention to infrastructure has the added benefit of support from the Democrats, which many of his proposals will not.

On another business issue, Szakaly pointed out, as others have, that it would be very hard to repeal NAFTA, the North American Free Trade Agreement. “These trade deals are complicated and require exit negotiations,” he said. Many Americans, including many in the auto industry, depend on business in Mexico for their jobs. The Detroit automakers have moved their small-car production to Mexico to make those low-margin cars cost-efficient.

Szakaly's conclusion: “If increased infrastructure spending happens and certain tax cuts materialize, it will mean a better long-term outlook than what's in front of us at present.”



NADA's Szakaly expects people to spend more, whether they are happy or sad.

## Trump likely to attack health care law quickly

After Trump's repeated campaign promises to repeal Obamacare, which he called a "disaster," doing so will likely be one of his first priorities. With both houses of Congress soon to be Republican, he may well be able to accomplish that goal.

It could be a question of degree. Outright repeal of a health care law that has been in effect for a few years is not so simple. Some early discussion has centered around getting rid of the federal subsidies that allow many people to pay the premiums for their health insurance through the exchanges. Another possibility, according to an article in the *Washington Post*, is cutting some of the taxes that help pay for the law, such as the Medicare payroll tax.



Trump could make big cuts in Obamacare even without Congressional approval.

Trump has said he wants to drop the mandate that every American buy health insurance but keep the requirement that insurers must insure anyone with a pre-existing condition. It would be hard, though, to pay for that provision without the payroll taxes or the universal insurance mandate. The Congressional Budget Office has said that repealing the law would raise the deficit by \$353 billion in the coming decade.

The Senate will have just 51 Republicans – not enough to overcome a Democratic filibuster. Many Democrats, and many interest groups, will fight hard for the current law. Trump will need the Democrats' help on other issues later; he may not want to squander all his goodwill too quickly.

During the campaign, Trump offered a couple of alternative ways to deal with Obamacare's goal of helping everyone get health insurance, without a universal insurance mandate: tax-free health savings accounts, and a change in the law to make health care premiums deductible on individuals' income taxes. Those measures could conceivably be enacted through executive rule-making, without the need for outright repeal and Congressional appeal, according to an article on NPR.

Expect much more on this topic as the start of the Trump administration gets closer. WANADA will follow developments in this area closely and will continue to keep members informed.

## Automakers alliance urges Trump to adjust fuel efficiency rules

The Alliance of Automobile Manufacturers sent a letter to President-elect Trump urging him to adjust the stringent fuel efficiency goal of 54.5 mpg across the fleet by 2025. That goal was set in 2012, and automakers have said for several months that it should be revised to reflect the current market reality.

With gas prices at record lows, sales of fuel-hungry SUVs and trucks have soared. Automakers have said they cannot meet the 2025 goal without dramatically increasing their sales of alternative fuel vehicles, which are languishing on dealer lots. But a July 2016 midterm review of the fuel efficiency rules by the Environmental Protection Agency and National Highway Traffic Safety Administration concluded that automakers are on track to meet the goal, and made

no changes to the rules. NADA and the Auto Alliance asked for revision of the rules at a hearing this fall.

As if to back up the Alliance's point, the average fuel economy of new vehicles sold in the U.S. in October dropped by 0.4 mpg to 24.8 mpg in October, according to researchers at the University of Michigan. That's the biggest drop since July 2013.

The Auto Alliance in its letter also asked Trump to set up a presidential advisory committee to coordinate all regulations that affect the auto industry. Such requests are likely to meet a much more receptive audience in a Trump administration. Indeed, a senior policy advisor to Trump said the Trump administration will conduct a review of *all* federal regulations, including the fuel efficiency rules, to ensure that they are not harming consumers, reported the *Wall Street Journal*.

### Other industry news

## **More consumers use product specialists when buying a car**

As vehicles become increasingly complex, more buyers are getting help from product specialists to help them learn how to use the technology in their new car, according to the J.D. Power 2016 Sales Satisfaction Index Study.

The study found that 24 percent of luxury vehicle owners and 16 percent of mass market vehicle owners worked with both a salesperson and a product specialist when buying a new vehicle. Those figures are up from 19 percent and 15 percent two years ago.

"Owners can be challenged with the complexity of today's vehicles," said Chris Sutton, vice president of automotive retail practice at J.D. Power. "More dealerships are employing product specialists – and more brands, especially the luxury brands, are requiring that the dealers have them."

The product specialist's primary role is to make the owner aware of the array of technology in their vehicle and help them understand how to use it. A product specialist may help the owner pair their smartphone to the vehicle's Bluetooth system or show how to navigate the Bluetooth system. Owners who work with both a salesperson and product specialist are overall more satisfied with the sales experience than those who work only with a salesperson.

Explaining the technology or providing a demonstration not only makes the owner aware of all the technologies in the car, but also makes the person more likely to use the technologies and want them in their next vehicle, Sutton said.

## **DOT sets up 25,000 miles of EV charging corridors**

The U.S. Department of Transportation has set up 48 national electric vehicle charging corridors covering nearly 25,000 miles of U.S. highways in 35 states. Drivers on those corridors can expect existing or planned charging stations within every 50 miles, the White House said.

"Alternative fuels and electric vehicles will play an integral part in the future of America's transportation system," said Transportation Secretary Anthony Foxx. "We have a duty to help drivers identify routes that will help them refuel and recharge those vehicles, and designating these corridors on our highways is a first step."

More miles will be added in the future to accommodate not just electric, but also hydrogen, propane and natural gas vehicles as additional fueling and charging stations are built. The announcement came as more mainstream long-range EVs such as the Chevrolet Bolt and Tesla Model 3 come on the market.

At the same time, 28 states, utilities, automakers and other organizations agreed to accelerate EV charging infrastructure along the Alternative Fuel Corridors. The automakers on the list were BMW, General Motors and Nissan. There are currently 16,000 charging stations across the country, up from 500 in 2008, the White House said.

Arlington County, VA, as part of its commitment to reduce greenhouse gas emissions 76 percent by 2050, has said that 5 percent of vehicle miles traveled by county fleet sedans will be in electric vehicles by 2020.

### **Veteran's Day Reflection...**

Veteran's Day is an annual nudge to all of us to remember. We reflect on these remarkable and tragic sacrifices so that they never become routine. Remembering these is a responsibility of every American.

--Rep. Don Beyer, Jr. (D-VA)

### **Thought for the Week...**

To all Republicans and Democrats and independents across this nation, I say it is time for us to come together as one united people.

--President-elect Donald Trump in his victory speech on election night