



THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

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STATE LEGISLATIVE UPDATE

New MD Franchise Bill Calls for Fair Incentive & Audits

At the request of Maryland dealers, Sen. Jennie Forehand (D) recently introduced **SB 943**, aimed at improving automotive franchise law by tightening up standards for incentive audits and making sales incentive programs fair and reasonable and based on factual data.

Specifically, the bill would require that “a sales objective or other program for measuring the performance of franchised dealers be fair and based on specified factors under specified circumstances and prohibits a franchise manufacturer from denying benefits. The proposal would also shift the burden of proof from the dealer to the captive finance company when specified benefits to a dealer under specified circumstances are involved, etc.”

Spearheaded by former WANADA Chairman Jack Fitzgerald, MADA representatives have met with manufacturers to discuss the bill, which is due to be heard by the Senate Judicial Proceedings Committee shortly.

The bill was introduced out of

concern that manufacturers have abused the incentive audit by indefinitely extending incentive programs and audits. “We will be pushing for changes to the franchise law that says the clock starts ticking on the day the dealer gets paid,” explained MADA President Peter Kitzmiller. In addition, MADA, with WANADA’s support, will be pushing hard for a provision that would prevent manufacturers from forcing dealers to build facilities.

In other action, MADA and WANADA offered testimony strongly opposing **HB 1318, Sales and Use Tax on Computer Services and Motor Vehicle Excise Tax – Rates**, sponsored by Del.

Bill Bronrott (D), which would repeal the tax on computer services passed in last fall’s special session and, to make up the difference in revenue, impose a 7.5% tax on SUVs.

MADA will also be submitting written testimony on **HB 712, Global Warming Solutions - Reductions in Greenhouse Gases**, to make sure any legislation passed does not put Maryland dealers at a competitive disadvantage with surrounding states.

The WANADA Bulletin will report on these and any other bills affecting dealers as they develop and more information is available.

Hey WANADA Members: Join A Program Committee!

Help WANADA accomplish its mission to advance the cause of franchised new automobile dealers in the Metropolitan Washington region and join a Program Committee! WANADA’s numerous programs which benefit our business and our market rely upon dealer member input and guidance for their ultimate success. This is where member Program Committees come in.

Whether it’s Washington Auto Show planning, Public Policy, Community Affairs, Careers in Dealerships, Dealership Operations or Insurance Programming, there are different members with different levels of interest and skill sets that inevitably “move the needle” in a positive direction. And while participation on committees is all for a good cause, it’s also good fellowship with business and industry peers.

With this Bulletin today is an invitation from Chairman Tamara Darvish to get involved in your WANADA organization. Take a look and think seriously about signing up for a Committee.

Contact Trish Frisbee with any questions at (202) 237-7200, ext. 14 or tf@wanada.org. Please act by April 14, 2008.

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VA MVDB REPORT

VA Dealer Board Suspends \$10 Transportation Fund Fee And Retains its Current Board Structure

At its bi-monthly meeting in Richmond on March 10, 2008, the Virginia Motor Vehicle Dealer Board (MVDB) voted to suspend the \$10 Transaction Recovery Fund Fee assessed to salespersons for the first three years they are licensed.

MVDB is empowered to collect \$100 for every dealership new license and renewal and \$10 from every new sales license and renewal for the Transaction Recovery Fund. For years, MVDB has waived the \$100 fee for dealers, and it has waived the fee from salespeople after the first three years. The Fund now has a very substantial balance, which MVDB believes it can maintain from interest on the existing balance based

upon historical claim data. As a result, MVDB made a decision to stop collecting the \$10.00 per salesperson charge for the Transaction Recovery Fund effective March 10, 2008.

In an otherwise light docket, MVDB also covered its **legislative efforts** that were successful:

- The provision in the governor's package to return the functions of MVDB to the DMV *was defeated*.
- The statute allowing new car dealers to show limited availability of new car inventory by advertising individual units by stock number was enacted.
- A bill that will give local authorities more power to tow vehicles for sale by "curbstoners" on private

property and to take other actions to shut down use of private property by curbstoners was enacted. In other notable actions, MVDB held a special study group following its regular meeting to discuss the *issue of licensing*, especially as it applies to wholesalers. MVDB determined that it can accomplish many of its purposes to limit misuse of dealer tags and title difficulties by stepped up enforcement to ensure that licensed salespeople are actually employees of the dealers they work for, rather than independent contractors.

MVDB's next meeting is set for May 12, 2008 at DMV headquarters in Richmond.

Commonwealth To Process NVTA Refunds, *Not Dealers!*

Before finally adjourning its regular session last week, the Virginia General Assembly passed a bill to provide a mechanism for refunding the taxes and fees collected for the Northern Virginia Transportation Authority (NVTA) that were declared unconstitutional in late February by the Virginia Supreme Court. The legislation makes clear that refunding this money will be done by the commonwealth, *not* by the businesses that collected the funds.

The legislation is an important victory for Northern Virginia dealers. VADA worked with the bill's patron and the administration to ensure this measure would protect dealers through this process. According to VADA: "the administration stated publicly that dealers were the industry that had been the most burdened in collecting these fees and that dealers should not be asked to undertake the additional expense of returning the funds."

Significantly, however, a dealer who *voluntarily* returns the funds to customers WILL NOT be reimbursed by the commonwealth.

Key Points:

- The new law requires that dealers pay the funds collected to the commonwealth.
- Dealers will not be refunding these taxes and fees to customers. There will be a state process for customers to claim taxes paid.
- Dealers are required to pay all the taxes and fees to the state.
- Dealers should not voluntarily refund money to their customers. *As noted above, the commonwealth will not reimburse a dealer for refunds done voluntarily.*

A Special Session of the General Assembly has been called for April 23 to directly address the transportation funding lost due to the Virginia Supreme Court ruling. The governor is once again on record in the media with his support for increasing vehicle title tax from its current 3% rate to 5%.

Stay tuned.

Phone Numbers on National "Do Not Call" Registry to Stay There Permanently

Automobile dealers and other businesses will continue to be prohibited from contacting phone numbers listed on the national "Do Not Call" registry more than five years ago, but will continue to have free access to "local" registry data. Congress and the President have enacted legislation that removes the five-year limit on the time that phone numbers will be listed on the national "Do Not Call" registry. This means that consumers who have placed phone numbers on the registry since it took effect in 2003 do not need to re-enter them five years later to avoid receiving unwanted solicitations, says Bradley Miller of NADA Legal and Regulatory Affairs.

The legislation has no effect on dealers' ability to call consumers with whom they have an "established business relationship" defined as spanning eighteen months for transactions or three months for applications or inquiries, says Miller. It also does not affect customers who have given dealers signed written permission to call them at a designated phone number. Customers still may terminate an established business relationship or prior express permission by requesting that the dealership no longer call them.

Congress and the President also have enacted legislation that sets a permanent schedule for collecting fees from sellers and telemarketers who access the "Do Not Call" registry. The legislation maintains the current fee exemption that allows dealers and others to access up to five area codes of registry data without charge.

Stimulus Act Increases Allowable Depreciation for Some Vehicles; IRS Issues Guidance

The Economic Stimulus Act of 2008 increases by 50 percent the allowable first-year depreciation for certain vehicles, and increases the cap on the first-year depreciation by \$8,000. On March 4, the IRS issued guidance on these changes, including a set of tables outlining the new depreciation deduction limitations and income inclusion requirements (relative to leased vehicles) for passenger vehicles, trucks and vans placed into service or leased in 2008. For specific information, go to the IRS website: <http://www.irs.gov/pub/irs-drop/rp-08-22.pdf>

NADA Launches Online Job Board *NADA Members Can Post Career Opportunities Online*

NADA's new Automotive Careers Online (automotivecareersonline.com), provides dealers with a quick and cost-effective way to post job opportunities. In addition, the site is free to job seekers. Job applicants can upload a resume and cover letter, as well as sign up for e-mail alerts when new jobs are posted.

Automotive Careers Online breaks down opportunities by department and location, making it easy for job seekers to find positions that match their qualifications. Unlike old-fashioned newspaper ads, jobs posted to Automotive Careers Online will be visible to people all over the country. For dealers, that will mean choosing from a much broader pool of candidates and a greater chance of finding a match, says David Penske, president of David Penske Chevrolet, King of Prussia, Pa.

Many dealerships need talented staff in sales, administration, parts and service. A Harris poll sponsored by the educational consortium Automotive Retailing Today shows there are nearly 109,000 careers available at U.S. dealerships today.

"With a focus on dealership careers, the website offers both job candidates and employers an easy way to connect online," says NADA Chairman Annette Sykora.

WANADA TECHNICIAN TRAINING ADVISORY

April is Automotive Career Month!

Where Will You Find the Next Generation?

There are currently 109,000 jobs open in dealerships around the country. Introduce young people to the earnings, challenge, growth and advancement potential of a career at a new car or truck dealership. It's easy when you use NADA's Event Planning Kit, which includes everything you need to host a successful event. Order your free kit or download it today! All details are available at www.nada.org/careers. And don't forget to let NADA know if you are hosting a Career Month event.

And if you need a technician, develop one! Contact WANADA about our ADEI Technician Training Program and solve the problem. Call Steven Arabia or Bill Belew at (202) 237-7200.



Sign up Now to Participate in National Tire Safety Week, April 20-26



NADA is once again teaming up with the Rubber Manufacturers Association (RMA) in a campaign to promote tire care during the sixth annual National Tire Safety Week, April 20-26. The campaign is designed to improve consumer safety by highlighting the importance of regular tire pressure checks and helping customers recognize signs of tire wear. Properly maintained tires can also help improve gas mileage. Participation in the campaign enhances the image of dealers as advocates of this important safety issue. More than 1,700 NADA members signed up last year. Visit <http://www.nada.org/Advocacy+Outreach/Auto+Safety+Initiatives/Tire+Safety/TireSafety.htm> to order the free tire care brochures and poster from the RMA. Dealers who participated last year will automatically receive complimentary brochures from the RMA this year.

2008 Fuel Economy Guides Now Available

The U.S. Environmental Protection Agency (*EPA*) and the U.S. Department of Energy (*DOE*) have recently published their latest *Fuel Economy Guide* for dealers. Under federal law, dealers are required to have on display a *Fuel Economy Guide* for **each** model year of new vehicles that they have available for sale. So, if you have 2007 new products in your new car inventory, in addition to the *Fuel Economy Guide* for 2008, you will need to retain a supply of those Guides for 2007. The Guide is available to download at the EPA website: www.fueleconomy.gov. Dealers wishing to order hard copies of the Guide may do so by e-mailing the Agency via the same website. Although only one copy of the Guide must be on display, copies of the applicable Guides must be made available to customers upon request.

Thought for the Season...

Spring is when you feel like whistling even with a shoe full of slush.

—Doug Larson
on the first day of Spring

Enclosure

Member advisory from Chairman Tamara Darvish inviting volunteers to join WANADA Program Committees, March 20, 2008