

### Headlines...

**New Health Care Law Has U.S. Small Business Employers Wondering “What’s In It”**

**Regulation of Dealer Financing Suddenly Looks Likely**

**WANADA Again Boosts Area SoberRide Program**

**New Jobs Measure Lets Dealers Train New Auto Techs for Free**

**Chrysler Sees Errors of Its Ways and Offers to Reinstate 50 More Dealerships**

**Darvish Tells Auto Press “Facts Don’t Justify the Media Circus” Surrounding Toyota Recalls**

**DC Lottery Second Chance Winner from the Auto show**

**Montgomery County Takes Aim at Cars**

**Washington Metro Area Now 5.5 million Strong**

**2010 WANADA OPEN - May 10, 2010**

**Thought for the Week...**

## **New Health Care Law has U.S. Small Business Employers Wondering “What’s In It”**

The controversial health care bill that became the law of the land this week has people across America wondering how it will affect them. As Speaker Pelosi intimated in the heat of the Congressional debate on this legislation, “we’ll pass the bill, and then we’ll find out what’s in it...” Indeed, *finding out what’s in it* is what automobile dealers are now attempting to do, along with other small businesses everywhere across the country.

Starting in 2014, the bill imposes new taxes on individuals making more than \$200,000, and families making more than \$250,000. Instead of paying 1.45 percent like most workers, they’ll pay 2.35 percent of their paycheck to a “hospital insurance payroll tax.” Moreover, a new 3.8 percent tax will be added to income from interest, dividends, annuities, royalties, and rent, though this will not apply if modified adjusted gross income is less than \$250,000 in the case of a joint return, or \$200,000 in the case of a single return. There will also be an excise tax on “premium insurance” policies valued at \$10,200 for individuals and \$27,500 for families that will be taxed starting in 2018. Those thresholds will be indexed to the rate of inflation.

Also effective in 2014, business owners with more than 50 employees will face a fine of up to \$2,000 per employee if they do not offer their employees health insurance, though the first 30 of those employees are slated to be excluded from the assessment. Employers with more than 50 employees that do not offer coverage, but have at least one full-time employee receiving a premium tax credit because coverage is “unaffordable,” will pay the lesser of \$3,000 for each employee receiving a premium credit, or \$750 for each fulltime employee on a yearly basis. (“Unaffordable” is defined as a premium exceeding 9.5 percent of family income).

Tax credits of up to 35 percent of premiums will ease that burden for small businesses. And those businesses with fewer than 100 employees will be able to join “state insurance exchanges” to shop for lower cost coverage. Employers with more than 200 employees must automatically enroll employees in coverage offered by them, though employees may opt out. Businesses with less than 50 workers will be entirely exempt. Employers will have to say how much a worker’s health plan costs via the W-2 form.

People who are not covered by employers, or who opt not to have health insurance, will have to pay an annual fine of \$95, or 1 percent of income, whichever is greater, starting in 2014. By 2016, that fine will rise to \$695, or 2.5 percent of income. For an insurance-free family, the fee is \$2,085 or 2.5 percent of household income, whichever is lower.

WANADA members are invited to consult WANADA’s insurance professionals for a more comprehensive explanation of the new healthcare law’s impact on their business. Please call 202-237-7200 and ask for John O’Donnell, Joe Koch, Charley Spiridopoulos or Martha Kowalski.

## **Regulation of Dealer Financing Suddenly Looks Likely**

### **NADA Calls on Dealers across the U.S. to Help Defeat Senate Measure**

In a move that caught the financial industry off guard, the Senate Banking Committee this week passed its version of financial re-regulation, including a Bureau of Consumer Financial Protection (BCFP), on a party-line vote of 13-10. The BCFP would be a department within the Federal Reserve with broad powers to regulate and oversee the activities of consumer credit providers, *including dealer finance and insurance operations*. A House version of the measure had excluded franchise dealer financing activities and it had initially appeared this would be the case in the Senate measure as well, but its chief proponent, Sen. Christopher Dodd (D-Conn.), included dealers when his efforts failed to produce a bi-partisan approach to the regulatory effort. If dealers are to be exempted from the BCPF, the amendment to make it happen will now need to occur on the Senate floor, where debate is expected to begin the week of April 12th.

NADA maintains dealers are already properly regulated under existing consumer protection regulations, but in supporting the Senate measure, President Obama recently reiterated his strong objection to exempting “debt collectors, credit bureaus, payday lenders or *auto dealers* (emphasis added).” This week he also urged the Democratic sponsors of the legislation in the Senate and House to “press ahead with or without Republican backing,” noting that the Democrats have “the upper hand.” Senator Dodd said he will seek final passage of the Senate measure about mid-month, in April.

With many Senators in their home states for a Congressional recess from March 29 until April 9, NADA is urging dealers and their associations to begin making appointments with their Senators, especially Democrats, to discuss the consequences of the proposed BCFP. “We need the strong engagement of dealers and ATAEs to defeat or amend this flawed bill,” said NADA chairman Ed Tonkin, an Oregon dealer.

For more information, or if you have questions, please contact the NADA Legislative Office at 1-800-563-1556 or [legislative@nada.org](mailto:legislative@nada.org).

## WANADA Again Boosts Area SoberRide Program

WANADA, in its capacity as a longtime business group supporter of the Washington Regional Alcohol Program (WRAP), donated \$5,000 to the organization this month, all as part of its effort to prevent drunk driving in Greater Washington. The donation, which supports WRAP's SoberRide program, was made by WANADA Board member Kevin Reilly of Alexandria Hyundai and WANADA's representative on WRAP. The \$5,000 donation funds free taxi service to would-be drunk drivers. Befittingly, the presentation took place on St. Patrick's Day, March 17, 2010 at Murphy's Grand Irish Pub in Alexandria. Since 1993, SoberRide has provided 48,338 free taxi rides to persons who otherwise may have driven home drunk.

"For SoberRide's hours of operation this St. Patrick's Day alone, 525 free taxi rides home translates into the removal of a would-be drunk driver from Greater Washington's roadways every 82-seconds," said Kevin Reilly. "The dividends of WANADA's continued investment in WRAP and its SoberRide program are safer area roads for all of us."



WANADA board member Kevin Reilly (R) of Alexandria Hyundai delivers WANADA's \$5,000 donation to WRAP president Kurt Erickson (L)

## New Jobs Measure Lets Dealers Train New Auto Techs for Free

As a WANADA dealer member, how would you like \$2,000 to train your new entry-level auto technician? That may not have been the direct intent of the new federal jobs measure signed by the president last week, but WANADA dealers with a need for entry-level technicians may want to consider using the incentives available in the new law for this purpose. All you have to do is enroll a new technician in WANADA's *NATEF Certified Technician Training Program* to take advantage of this offer. When you participate, you gain a promising technician, a fulltime productive employee. WANADA training is one of the best NATEF Certified programs in the area and is guaranteed to be successful.

Better still, tuition for the first year of the two-year training program will essentially be *free* with the tax incentives provided by the Jobs Program as the law provides an exemption from the 6.2 percent Social Security payroll tax for every worker who has been unemployed at least 60 days and is hired after Feb. 3 through the end of this year. Employers also get an additional \$1,000 income tax credit for new employees retained for at least a year. We have a number of high quality, pre-screened candidates available and will be adding more through the spring.

For more details on this federal jobs incentive and the WANADA NATEF Certified Technician Training Program, contact Jake Kelderman or Bill Belew at 202-237-7200. For specifics on the WANADA/Automobile Dealer Education Institute (ADEI) training program visit <http://www.adei-programs.org>.

Act now, training slots will fill quickly because of this government subsidy!

## Chrysler Sees Error of Its Ways and Offers to Reinstate 50 More Dealerships

As many as 50 Chrysler dealerships terminated last spring in the bankruptcy will be getting letters from Chrysler Group shortly, informing them that they will be reinstated if they wish. If they agree, they would join 38 other dealerships that have already accepted offers made to them earlier this year.

A Chrysler spokesperson said the reinstatement offers were being made to the dealers because they “are in locations that offer customer service benefits and will have limited adverse impact on the dealers within our current network.”

Some 400 rejected dealerships have applied to get their franchises back through the federally mandated arbitration procedures enacted by Congress late last year. Thus far, Chrysler has reinstated or is trying to reinstate 86 dealerships, or 11 percent of the 789 dealerships that were closed in June as part of its bankruptcy reorganization.

The company also said it is entering settlement talks with an unspecified number of dealerships shuttered as part of that process.

## Darvish Tells Auto Press “Facts Don’t Justify the Media Circus” Surrounding Toyota Recalls

### DARCARS VP Says Congress and Media Misunderstand Purpose of Vehicle Recalls

WANADA former chairman, Tamara Darvish of DARCARS, took on Capitol Hill and the media this week in the course of a presentation before the Washington Automotive Press Association (WAPA), suggesting that they had blown out of “all proportion” the facts underlying the recall of Toyota vehicles for “unintended acceleration.” There have been just 42 alleged instances of unintended acceleration and there are 8 million Toyota vehicles that are included in this recall, she said. The facts surrounding those instances have not been conclusively resolved, and at least two have been shown to be the fault of the driver, she said. Recalls are a fact of life and what we do about them is what is important, said Darvish, who also noted that in the past month alone there have been 141 recalls by other automakers.

She commended Toyota for how it is going about the recall, working with dealers to methodically and effectively notify customers to bring in all the potentially impacted vehicles for repair. This is the first time in 51 years of selling cars in the U.S. that the Japanese automaker has been mandated by NHTSA to recall vehicles, she said, and the company is intent on having *all* impacted customers respond rather than the 50% or fewer who do so typically.

Darvish said “Congress should be ashamed” of how they treated Toyota executives who were on Capitol Hill several weeks ago testifying before House and Senate committees. Contrary to reports, the OEM executives responded promptly to Congressional hearing requests and provided all the information they were asked for, she said. Darvish suggested that if the U.S. were serious about vehicle safety, it would look into the quality, fit and finish of aftermarket parts, such as floor mats, noting that in the first reported crash due to unintended acceleration was in a Lexus loaner vehicle outfitted with aftermarket floor mats.

“At our dealership we have sold 53,000 vehicles involved in the Toyota recalls and we do not have one documented case of unintended acceleration,” Darvish noted, adding that there have been “no complaints” about the 15,000 repairs her stores have already performed.

Darvish said her Toyota stores were working nearly around the clock on recall repairs and that they would be at it for months to come. “It will take Toyota time to get through 8 million vehicles, but we will fix every one,” she said.

## DC Lottery Second Chance Winner From the Auto Show



A very happy DC Lottery player arrived at DARCARS Toyota last week to pick up the keys to his new Toyota Prius as winner of The 2010 Washington Auto Show/ DC Lottery Second Chance Contest. Benjamin Forjoe (second from right) and his wife Valeria (second from left) took delivery of the new car at the dealership with D.C. Lottery Board director Buddy Roogow, (center), Gerard Murphy of The Washington Auto Show (far right) and DARCARS vice president Tamara Darvish (far left), all on hand to wish the winners well.

## Montgomery County Takes Aim at Cars

### Development Plan for Rockville Pike Will Limit Traffic, Impinge on Dealerships

The Montgomery County Council this week took the first step in what is expected to be an ongoing process to limit motor vehicle traffic all along Rockville Pike, voting unanimously to approve the first phase of redevelopment near White Flint mall.

The initial phase of the redevelopment plan calls for reshaping Rockville Pike into a residential boulevard serving the inhabitants of a number of new high rise apartment buildings and businesses. It also calls for dramatically limiting the number of motor vehicles that now use the major north/south Maryland thoroughfare by limiting the amount of parking space and encouraging the development of parks, bike paths and walkways and a heavy preference for transportation via Metrorail and circulator bus systems.



The GM EN-V Megacity car concept, perhaps the type of vehicle White Flint residents might be driving under the new Montgomery County plan for Rockville Pike

Many franchised auto dealerships that are situated along the pike (about 45 import franchise holders and seven domestic dealerships) are likely to be relocated, or have their footprint reduced in what could be a 20 year process.

The White Flint development is expected to add as much as \$7 billion in revenue to the county coffers and another 50,000 residents to the area.

Over the past two years, WANADA has worked with Rockville City and Montgomery County planners on this Rt. 355 initiative and will continue to do so going forward.

## Washington Metro Area Now 5.5 million Strong

The Washington metro region added 163,000 people between 2007 and 2009, boosting total population in the area to 5,476,241 residents.

Northern Virginia has experienced most of this growth, with Loudoun County growing at a remarkable 78% clip. It now has 301,000 residents, making it the fifth fastest growing county in the country, according to the Census Bureau. King George, Prince William, Stafford and Spotsylvania counties in Northern Virginia also are among the 100 fastest growing.

Closer in, Montgomery and Prince Georges Counties saw little if any growth, while the District saw a population increase of 8,000 people. Arlington added 7,500, and Alexandria, 7,000.

Analysts from George Mason University, which regularly studies the region's demographic trends, say the robust economy and job opportunities draw people to the region.

## 2010 WANADA OPEN - May 10, 2010

The 2010 WANADA Open will be played this year at Lakewood Country Club on Monday, May 10. The registration fee for the 2010 WANADA Open is \$225 per golfer and \$100 for those coming for cocktails and dinner only.

Register *early* by calling or e-mailing Kristina Henry, WANADA's director of events at (202-237-7200, ext. 18) or [kh@wanada.org](mailto:kh@wanada.org), or click [here](#) to download the registration form. **Note:** With only one course, golf positions are available on a first come, first served basis.

### Thought for the Week...

This country has come to feel the same when Congress is in session as when the baby gets hold of a hammer.

--Will Rogers