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Thought for the week...

Last Call!
Just 5 Days left to Register

The
2010 WANADA Open
May 10, 2010

Click [here](#) to download the
registration form

Regretfully, the WANADA office lost phone service Apr. 29-30. The system should be back up Monday, May 3. Our apologies for any inconvenience this may have caused!

Senate Begins Debate on “Wall Street Reform” Measure

WANADA Members Are Urged to Call Their Senators with Positive Customer Stories on Auto Finance in Support of Brownback Amendment

Senate Democrat and Republican leaders have agreed to start debate on S. 3217, the “Wall Street Reform” bill that would create a Bureau of Consumer Financial Protection (BCFP), a super-agency with new and unprecedented powers, which would likely limit or eliminate dealer-assisted financing. The BCFP is the centerpiece of Finance Reform supported by the Obama Administration and consumer groups who are attempting to give senators the impression that dealer-assisted financing requires federal regulation to protect car buyers.

To the contrary, consumers get loans on better terms with dealer-assisted financing. What’s more, dealers often arrange financing on terms that consumers cannot obtain directly from a bank, especially customers who have no established banking relationships. Senators need to understand the value-added consumers get when dealers arrange their auto loans.

The Senate will soon consider several amendments, including Brownback that would preserve a dealer’s ability to provide affordable financing for consumers. It is unclear at the moment, however, whether the votes exist to pass Brownback in the Senate even though dealers were excluded in the House version of this legislation.

Keep the heat up on Brownback!

WANADA members are asked to call both their senators and ask them to support the Brownback auto dealer amendment to the Wall Street Reform bill (S. 3217) so that consumers will continue to have access to affordable financing. Obviously, contact your senators in the state where your

business is located, including those senators in states out of the area, where you may have other businesses. Contact your senators also, if, for example, your business is in Maryland but you live in Virginia—simply explain that you are a constituent with a dealership in another jurisdiction.

The message at this point needs to be simple and to the point: Dealers don't do business on Wall Street and, therefore, have no business being included in the Senate's "Wall Street Reform" bill! The Brownback amendment squares S. 3217 with the House version of Finance Reform where dealers are not included.

In Maryland, contact,

- Sen. Ben Cardin (D-MD) <http://cardin.senate.gov/contact/email.cfm> or (202) 224-4524;
- Sen. Barbara Mikulski (D-MD) <http://mikulski.senate.gov/Contact/contact.cfm> or (202) 224-4654.

In Virginia, contact,

- Sen. Mark Warner (D-VA) <http://warner.senate.gov/public/index.cfm?p=Contact> or (202) 224-2023;
- Sen. Jim Webb (D-VA) <http://webb.senate.gov/contact.cfm> or (202) 224-4024

You are also urged to gather examples of customers you have helped find affordable financing to help counter misinformation on the Hill. Send both senators and NADA your anecdotes about your customers. Good customers can help also, if they would write you a note about how dealer-assisted financing helped them. A sample customer letter is [attached](#), or you can record a video testimonial. Fax letters to Senate offices and fax a copy to NADA at 202-479-0168. Email any stories, letters, or videos to legislative@nada.org.

It's "The Match Between the States" at The WANADA Open!



The WANADA Open will have an added element of competition this year as teams from Virginia and Maryland compete for the first ever **WANADA Cup**.

The format is similar to the Ryder Cup golf competition held each year between teams from the United States and Europe and was created by the WANADA Open Committee to see just which side of the river has the best golfing talent within the dealer community. "This should be great fun and we hope WANADA members will come to cheer on their "home team," said Open Committee chairman Tony Santy of Chesapeake Petroleum.

The WANADA Cup competition will take place at the same time as the WANADA Open with the two competing foursomes teeing off last so all the days Open participants can root them on as they finish their head-to-head, best-ball match.

Representing Virginia will be captain Chip Lindsay of Lindsay Automotive, Andy Haye of Ourisman Chrysler-Dodge-Jeep, Burke O'Malley of Sterling Chevrolet and Don Bavely of Rosenthal Companies.

Representing Maryland will be captain Chip Doetsch of Apple Ford, Bill Cash of Fitzgerald Auto Malls, Vince Sheehy of Sheehy Auto Stores and Bill Andrakakos of Hersons Honda.

The WANADA Cup competitors will not be eligible to win the Open competition, but the winning team will have "bragging rights" and their names inscribed on the "Champions Plaque" that will be on display in the WANADA offices. They will also receive individual trophies.

Last Call on the Open!

WANADA members who haven't yet signed up to participate in this year's Open should do so immediately because space on the golf course is limited and on a first come, first served basis. The event takes place Monday, May 10 at The Lakewood Country Club in Rockville, Md. Registration is at 9:30 am with lunch on the patio beginning at 10:45 am and a shotgun start at Noon. The evening reception begins at 5:00 pm, with the awards dinner at 6:00 pm. Please [click here](#) for more details and the registration form.

On Health Care Reform Dealers are Urged to "Wait and See" and Consider "Option D"

Joint WANADA/MADA Member Health Care Briefing Reveals Fewer Insurance Options with an Upside

Attendees at WANADA and MADA's joint briefing learned last week that Health Care Reform legislation, signed into law by the president recently, offers small business owners, like automobile dealers, very few positive options. Whether that remains the case will be decided over the next year, as regulators write the rules that govern this controversial law as it shifts into high gear and full effect, come 2014. Right now, Americans everywhere are anxious.

If nothing changes, employers will have four options, Rodger Bayne, of Group Benefit Services, Inc., told a roomful of attendees at the meeting, and none of them are attractive. Bayne, an expert on the legislation who has been active in the debate since as early as 1987, says dealers can do one of the following:

Option A - Offer no insurance and let employees purchase from the state operated "insurance exchange" that the law creates;

Option B - Share the cost of insurance premiums with employees;

Option C - Do what they are currently doing in terms of sharing costs, but face a penalty because their contribution may not meet the law's minimum requirements; or

Option D - *All of the above*, a situation most dealers are likely to find themselves in given the complexity of the new requirements.

“What kind of health insurance coverage you will be able to provide will all depend upon each dealer’s individual situation,” said John O’ Donnell, who heads up WANADA’s Employee Benefits Operations, adding that “size will matter.”

As the law now stands, employers with fewer than 25 employees, with average salaries below \$50,000 must pay at least 50% of the cost of insurance for each employee, of which the government will rebate as much as 35% in tax credits. The employer can also opt out of offering insurance altogether.

Employers with 25 to 50 full time employees, however, are in “no man’s land” said Bayne, as they will receive no tax credits or subsidies if they do offer health care insurance. For employers with more than 50 fulltime employees, they will be penalized if their employees receive federal assistance to purchase health care in the insurance exchanges that will be created. That fine can be anywhere from \$2,000 to \$3,000 per employee.

Employers with 200 or more fulltime employees must automatically enroll employees in their health insurance program, but also offer them an option to “opt out” and purchase insurance from the insurance exchange. That likely means the employer percentage contribution will become a competitive advantage in the marketplace as a means of retaining key employees, said Richard Morris, from Councilor, Buchanan & Mitchell.

The best option may be to self insure, the panel agreed, as there will be “significant opportunities for more specific rating advantages,” by taking this approach. Indeed, WANADA’s Employee Benefits Operation has already begun to develop methodology to individually and collectively rate dealerships for health insurance coverage. WANADA members are encouraged to contact the Employee Benefits Operation at 202-237-7200 for details on this service.

Meanwhile, members are reminded that in 2011 the value of health care benefits must be reported on an employee’s W-2 form and that in 2013 Medicare tax on wages rises to 2.35%, a Medicare tax of 3.8% on unearned income kicks in and the Medicare tax threshold rises to \$200,000/year for individuals and \$250,000 for joint filers.

WANADA is grateful to its Health Care panel of Rodger Bayne, GBS; Richard Morris, CPA, CBM; Ivette Rivera, NADA Legislative Office; and John O’Donnell for teaming up on an especially timely and important member briefing.

Health Care Alert!

A statement made in a recent communiqué from American Fidelity advises that “Effective 2010, employers must automatically enroll individuals in employer-sponsored major medical plan coverage, although employees must be given the ability to opt out.”

This statement refers to the fact that there is no requirement in the Health Care reform law for mandatory enrollment for groups with fewer than 200 employees at any time, and for groups with more than 200 employees, this requirement does not apply until Jan. 1, 2014.

Per Car Fee of \$9 for Auto Safety May Be Coming

The recent Toyota recalls have spurred Congress to draft new legislation aimed at boosting the scope of federal oversight of auto safety that may include a fee of \$9 on new-car sales for the additional resources Congress wants to provide the National Highway Traffic Safety Administration (NHTSA).

The main direction of the bill is to require automakers to install brake override systems, stop-start engine technology and “black boxes” that would record accident information, similar to the black boxes found in commercial aircraft.

Proponents of the bill point out that in 1980, NHTSA had 119 people working on enforcement, but due to budget cuts in the ensuing years, the agency now has roughly half that number. Rep. Henry Waxman (D-Calif.), the author of the House version of the bill, said the recent recalls show that NHTSA needs the proper “resources, expertise and authority” to oversee consumer safety.

The legislation also aims to raise the maximum fine for automaker from the current \$16.4 million, which is what Toyota paid for its delay in ordering the recall of 2.3 million vehicles for sticking accelerator pedals. NHTSA chief David Strickland told the House Energy and Commerce Committee recently that he’d like the maximum fine to be more than \$100 million.

Nissan Won’t Meet Initial Demand for All-Electric Leaf

The Nissan Leaf won’t go on sale until later this year, but Nissan already predicts a shortage of the all-electric vehicle within three months of it hitting the market.

The automaker says it has 7,000 pre-orders in the United States and another 4,000 in Japan, with pre-orders in the United Kingdom set to begin in July. Given this rate of pre-production interest, Nissan says demand for the first mass-market all-electric car will outstrip supply in a short time.

The Washington metropolitan area will be among the first markets in the U.S. where the vehicle will be available.

Competition Begins for \$10 Million Auto XPrize on Best MPG

The Automotive XPrize, a competition offering a \$10 million prize for cars that can surpass 100 mpg, has officially gotten underway in Brooklyn, Mich. There are 28 competitors and 36 vehicles in the fuel economy race, which is sponsored by Progressive Insurance.



There are four different categories of vehicles in the competition running on everything from electricity, diesel, gasoline and combinations of both. For the next four months, the prototype will go through a series of tests at Michigan International Speedway to see if any of them can break the 100 mpg barrier.

California-based electric carmaker ZAP, has one of the favorites in the field, a three-passenger, three-wheeled car that has already tested at 86 mpg.

Thought for the week...

Politics have no relation to morals.

--Niccolo Machiavelli