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Dealer Effort to Exclude Themselves from Finance Reform is Down to the Wire in the Senate

Brownback Amendment to be Taken up Next Week

President Obama jumped into the Finance Reform fray last week to ensure that the Republican alternative to the Democrat bill (S.3217) wasn't successful. Obama and the Senate Democrats prevailed with the Republican measure going down to defeat by a vote of 61-38.

This is the situation, as amendments like the one offered by Republican Senator Brownback (Kan.) to exclude dealers from the bill go forward next week on the floor of the Senate. This brings the entirety of NADA's extensively coordinated effort to pass the Brownback amendment down to the wire, meaning that the ongoing dealer grass roots effort to persuade senators on both sides of the aisle to sign on must remain vigilant.

Follow up communications with senators are important at this time with a simple, straight forward message:

Dealers don't extend credit to car buyers and don't belong in Finance Reform Legislation designed to regulate those that do!

Dealers aren't banks and dealers aren't finance companies. Dealers sell and service vehicles, providing an important value-added benefit to car buyers by arranging auto loans where the consumer routinely gets the best credit terms.

WANADA contacted The Washington Post taking exception to business columnist Steven Pearlstein's April 30 column where he argued that dealers should be included in the Finance Reform legislation. [Click here](#) for WANADA's response to the Post, and below for NADA's full page ad and other materials making the case for dealer exclusion from Finance Reform.

[NADA's advertisements, issue sheet, and other materials](#) or www.nada.org/brownback

WANADA dealers are asked to keep the pressure on with Maryland and Virginia senators, delivering this message along with any anecdotal examples where the dealership helped car buyers get readily available, competitively rated financing. For good customers willing to take up the cause, NADA has prepared a customer letter ([click](#) here).

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

For its part, WANADA continues to work with MADA, VADA and NADA on contacting Maryland and Virginia senators, having just this week met with Sen. Cardin who took a lot of time hearing about the dealer position on Finance Reform. WANADA also responded to an April 30 article by Steven Pearlstein in The Washington Post where the columnist argued that dealers should be included in the legislation (See inside box, above).

Please let us hear any response you receive from the senators so it can be passed along to NADA. Contact Gerard Murphy at gm@wanada.org or 202-236-4646 or John O'Donnell at jod@wanada.org or 202-669-8144

Government Could Order Immediate Halt of Auto Sales as Congress Looks to Overhaul Auto Safety

A major overhaul of the nation's auto safety laws may be in the works if Congress pushes forward on legislation introduced in both Houses this week that calls for nearly fool-proofing the driving and braking systems on cars and trucks and boosting civil penalties for automakers that don't quickly recall vehicles.

More significant for automobile dealers, however, it gives sweeping new power to the National Highway Traffic Safety Administration (NHTSA) to *immediately halt sales and production* of suspect vehicles in the event it determines they are an "imminent danger" to the public.

The Motor Vehicle Safety Act of 2010, introduced by Sen. Jay Rockefeller (D-WVa.), and a near identical measure introduced by Rep. Henry Waxman (D-Calif.) will require brake override systems as well as event data recorders in new cars and trucks (*black boxes*) and establishes a gas pedal placement standard to prevent entrapment under floor mats. It also would require standard one-push -- stop-start technology for keyless ignition systems.

The black boxes required by Congress would collect episode data 60 seconds prior to -- and 15 seconds after -- a vehicle crash and airbag deployment.

The measures would *double* NHTSA's auto safety budget next year, and in the House version add a new \$9-per-vehicle fee to pay for the auto safety budget hike.

Senior auto executives in the United States would also be required to attest in writing that all information submitted in response to a NHTSA investigation is accurate and complete and be subject to civil penalties of up to \$250 million as well as criminal penalties.

Toyota -- which could have faced a \$13.8 million fine without a cap -- could have faced a \$69 million penalty under the new law.

Toyota agreed last month to pay the largest-ever fine of \$16.4 million for its at least four-month delay on the sticky pedal recall.

Toyota has recalled more than 8.5 million vehicles worldwide over sudden acceleration concerns, and NHTSA has received more than 3,000 complaints alleging at least 51 deaths since 2000.

Tax Breaks for Small Business, Estate Tax Relief May be Coming

Senate Finance Committee Chairman Max Baucus (D-Mon.) said this week that he will move ahead soon with a small business tax package including bonus depreciation and a 100 percent exclusion of capital gains on the stock of qualified companies.

“On substance we’re getting very close,” he told reporters while suggesting that his efforts might well lead to action on another matter dear to franchised automobile dealers, the future shape of the estate tax.

“We’ll know much more about the estate tax in a few more days,” Baucus said. “It’s going on this week at the staff level. We want it more at the member level later this week.”

Baucus made his comments after back-to-back meetings with House Ways and Means Committee Chairman Sander Levin (D-Mich.) and ranking Republican, Iowa Sen. Charles Grassley.

He gave no details on the small business package he has drafted but it is expected to be considerably more generous toward business than legislation approved by the House in March.

The House bill was a hybrid jobs package that melded together \$3.6 billion in small business tax breaks and \$13.3 billion in infrastructure investments including an expanded Build America Bonds program. The Senate bill is more focused on business-related tax breaks, with far richer depreciation and expensing write-offs than the House. The capital gains exclusion is shorter in the Senate measure, however.

For example, the House bill applies to qualifying stock purchased over a 21 month period, whereas the Senate measure is expected to limit the time period to 12 months. It is also expected that most of the tax breaks will apply to companies with no more than \$50 million in annual gross receipts.

The estate tax was allowed to expire last December raising estate planning havoc for many companies. Without any action by Congress, the estate tax will return next year at its previous rate of 39% and a reduced exemption limited to \$1 million.

Mixed Martial Arts Launches in Washington with “Battle of the Legends” May 15th

Mixed Martial Arts, a sport that has come into its own and become extremely popular in recent times, is coming to Washington next weekend with a major event on Saturday night, May 15, at the DC Armory.

WANADA member dealers Dick Patterson and Bob Hisaoka of RRR Automotive, principals of Washington Combat and organizers of the event, say that the net proceeds will go to the USO in recognition of “Military Appreciation Month.”

Greats in the Mixed Martial Arts world, Gary “Big Daddy” Goodridge and Pedro “The Rock” Rizzo will compete in a special “Battle of the Legends.”

Ticket discounts start at a remarkable \$19. A crowd of about 4,000 is expected for this premier event. For information and tickets go to www.washingtoncombat.com. For ticket purchase discounts use the code word “heroes,” which Washington Combat has customized for military personnel as well.

RRR Automotive is buying and donating 100 tickets to the USO, which they in turn will provide to deserving military personnel. Other WANADA members are encouraged to do the same, or donate tickets to the charitable organization of their choice. WANADA dealer employees are encouraged to rally behind this event, too, and are invited to utilize the military “heroes” discount. In any case, the valiant men and women in our armed forces are slated to benefit by this event as a *bona fide* celebration of Military Appreciation Month.

Chrysler Dealers Get New Impetus in Arbitration Proceedings

Chrysler dealers who lost their franchise in the bankruptcy of the company have argued from the beginning that the loss of their franchise should be predicated on their dealership performance as compared to all of the companies’ dealers. Now, federal bankruptcy Judge Alberto Gonzalez has agreed.

He has ordered that all Chrysler dealers arbitrating cases are entitled to see and use the Dealer Spreadsheet (Matrix) used by Chrysler in the bankruptcy proceeding to justify its rejection of 789 dealers. This spreadsheet contains the performance data for all 3,181 Chrysler dealers nationwide, and sets forth the specific reason(s) for the rejections in each of those 789 dealer rejections. Under the order, rejected Chrysler dealers may also obtain the line items for “any” facing dealer with whom they were compared.

This latter distinction is a major victory for the arbitrating dealers because Chrysler has argued that the arbitrating dealer can only be compared to his/her immediate facing dealer. The new order says “any” facing dealer, which suggests a far broader range of dealer data could be sought.

Thus far in the Chrysler arbitration proceedings, just one dealer has won his case while Chrysler has prevailed in three others. The company has offered to reinstate 50 franchise holders and is said to be offering cash settlements to resolve others. The arbitration process with Chrysler is slated to go ahead in earnest over the late spring and summer and must conclude by July 16.



Improve Pre-Owned Profitability with NADA AppraisalPRO 6 sources. 60 seconds. 1 smart decision.

-Learn how on May 12th in this important Webinar-

The used car market has turned transparent. And, with research showing that more than 50% of consumers are dissatisfied with their last trade-in experience, having a good, clear appraisal process in place is even more critical. Start with a realistic number based on current market conditions and you're halfway there toward a satisfied customer and a more profitable bottom line.

Learn how to:

- cope with a used car market that has turned transparent
- deal with consumers who are researching trades before coming in to the dealership and arrive with erroneous information
- put key market data at your fingertips with appraisal tools, such as NADA AppraisalPROSM
- interpret and apply market data to reach a precise trade number through a clearly defined and explainable process

Who should attend?

- Used Car Managers
- General Managers
- Sales Managers
- Dealer Principals

Speaker:

- Stu Zalud, Director, Dealer Services, NADA Used Car Guide and a 38-year veteran of the dealership world

Title: Improve Pre-owned Profitability with NADA AppraisalPRO
Date: Wednesday, May 12, 2010
Time: 2:00 – 3:00 PM EDT
URL: <https://nada.webex.com/nada/onstage/g.php?d=480720622&t=a>
Event Password: nada

Audi of Tysons Corner Wins Automaker's Magna Society Award

Audi of America identified its top performing U.S. dealerships of 2009 this week and Audi of Tysons Corner was one of 58 Audi dealerships nationwide to win the company's Magna Society Award. The award, given annually, recognizes superlative customer service by dealerships while achieving strong overall business performance.

There are 270 Audi dealerships in the U.S. and Audi of Tysons Corner was the only Audi dealership in the area to be recognized.



The annual Magna Society awards are part of Audi's long-range plans to make Audi facilities more exclusive. Between 2003 and 2011, Audi dealers will spend \$1 billion on such facilities. The number of exclusive Audi dealerships has increased 34% to 135 out of 271 since 2006, and by the end of this year should reach 140.

WANADA congratulates Audi of Tysons Corner on the well deserved recognition.

Area Business Leaders See Economic Turnaround in the Works

Business leaders in the Metro area say they are confident the area's economy is headed in the right direction. According to a new survey from the Greater Washington Board of Trade, 68 percent of business leaders said they believe economic conditions are mostly good in the region and three-fourths of those surveyed expect their businesses to improve over the next year. This surge of confidence is the highest it's been since February 2009, the Board of Trade said.

The survey also found that the D.C. area continues to be a good and easy place to do business. On the cautionary side, nearly 80% of leaders remain concerned about budget deficits at the state and local levels and their impact on the economy.

Position Wanted: General Manager. An individual with extensive and complete dealer executive experience to include strategic planning and all aspects of financial management is looking for a position as a general manager in a Washington area dealer organization.

Anyone interested can contact John O'Donnell in the WANADA office at 202-237-7200, for further information.

Thought for the week...

Government shouldn't try to dictate your life, but it should give you the tools you need to succeed. Government shouldn't try to guarantee results, but it should guarantee a shot at opportunity for every American who is willing to work hard.

--President Obama
University of Michigan Commencement – May 1, 2010