



# THE WANADA BULLETIN

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

WANADA Bulletin #2-06

January 12, 2006

## THE 2006 WASHINGTON AUTO SHOW

### International Media Day Kicks Off Washington Auto Show

*New Model Introductions, Environmental Advancements, Energy Issues, Job Initiatives and Even A "Flipped Whip" Share the Stage With Nearly 800 New Models*



The 2006 Washington Auto Show International Media Day, Wed., Jan. 25,

at the Washington Convention Center will feature a full agenda of media events and special announcements, including a global introduction, an energy symposium uniting auto manufacturers and regulators, and the unveiling of DC Mayor Anthony Williams' "flipped whip" (customized Cadillac).

Capitalizing on the auto show's unique ability to network automakers with legislators, regulatory executives and diplomatic representatives, International Media Day will also play host to government staffers, with discounted admission available to those showing a government ID. The day will

culminate with The Washington Auto Show Congressional Gala from 6:00 to 9:00 p.m., gathering elected officials, industry VIPs and local civic leaders for the benefit of area health and children's charities.

WANADA dealer members are invited — and encouraged

— to attend both events.

**The Media Day Agenda is as follows.**

- 8:30 a.m., Nissan press briefing breakfast with Bob Yakushi, Director of Product Safety & Regulation
- 9:30 a.m., General Motors

*(Continued on page 2)*

## STATE LEGISLATIVE PREVIEW

### MD, VA Open Legislative Sessions

*Tax & Environmental Issues Top Dealer Agenda*

General Assemblies in Maryland and Virginia convened last week with dealers in Maryland bracing for another fight over "California Car" standards, while Virginia dealers rounded up support to ward off any increase in the vehicle sales and use tax rate.

To help meet Virginia's transportation needs, a proposal was recently unveiled that would raise the vehicle sales and use tax by one-cent, from its current three-cents. Although a *one cent* increase doesn't sound like much, it represents a **33% tax increase!**

The position of VADA on this proposed tax increase is clear: Dealers continue to support increased sales & use tax *revenues* through the selling of additional vehicles and through increased vehicle values, which have more than doubled in just over a decade. However, they oppose an increase in the vehicle sales and use tax rate given the current economic conditions and automobile sales trends. VADA says that current economic conditions and market forces are making vehicle sales tenuous and significantly slowing sales growth, and an increase in the vehicle sales and use tax rate will significantly reduce vehicle sales and the associated tax revenues.

VADA makes the point that, "The current system is proven,

*(Continued on page 3)*

### Inside...

Tax Credits for Hybrids.....p.2  
Dealerships Must Post

USERRA Notice.....p.2

VA MVDB Report.....p.3

Holiday SoberRide Results..p.4

WANADA Tag & Title Seminar,  
Jan. 26.....p.4

MD, VA Sales Reps Must  
Register for Auto Show...p.4

## REGULATORY UPDATE

## Federal Tax Credits Now Available for Buyers of Alternative-Fuel Vehicles

Included in the Energy Policy Act of 2005 are federal tax credits for the purchase of new hybrid, advanced lean-burn diesel, fuel cell and clean-fuel vehicles. These tax credits, which took effect on Jan. 1, 2006, replace the tax deduction available for hybrid vehicles in previous years.

- Individuals or businesses that purchase new hybrid vehicles will qualify for federal tax credits of up to \$3,400, but the credit amount varies by model. The Internal Revenue Service has not yet announced credit amounts for specific models. Visit [www.aceee.org/transportation/hybtaxcred.htm](http://www.aceee.org/transportation/hybtaxcred.htm) for estimates. NADA will provide further information as soon as it is released by the IRS.
- The tax credit is also applicable for new clean diesels, and qualifying vehicles are expected to be on the market in late 2006.
- The tax credit will phase out at different times for each manufacturer. Once an automaker reaches 60,000 hybrid and lean-burn diesel sales, buyers of these vehicles can only get the full tax credit for the remainder of that quarter and the next quarter. The credit then phases out.
- For sales of vehicles used by tax-exempt entities, the person who sells the vehicle is treated as the taxpayer and is able to claim the credit so long as the amount allowable as a credit is clearly disclosed to the user in a

document.

Dealers should be aware that some state and local governments also provide incentives for hybrid and alternative-fuel vehicles.

## Dealerships Must Post Updated USERRA Notice

The Uniformed Service Employment and Reemployment Rights Act of 1994 (USERRA), which will go into effect in final form Jan. 18, governs the way employers treat employees who may be deployed as members of the uniformed services. Among

the provisions: Employers may not deny initial employment, reemployment, retention, promotion or any employment benefit simply because an employee is or has been a member of the uniformed service, has applied to serve, or is obligated to serve. USERRA also specifies certain reemployment and health insurance coverage rules.

The DOL has issued a final version of the USERRA notice that informs employees of their rights, benefits and obligations under USERRA. Dealerships should post this updated notice. For a printable copy, go to [www.dol.gov/vets/programs/userra/USERRA\\_Private.pdf](http://www.dol.gov/vets/programs/userra/USERRA_Private.pdf). Questions? E-mail [regulatoryaffairs@nada.org](mailto:regulatoryaffairs@nada.org).

## THE 2006 WASHINGTON AUTO SHOW

### Media Day Agenda *(continued from page 1)*

*(Continued from page 1)*

Environmental and Technology Press Conference

- 10:00 a.m., Ford press event (TBA)

- 10:30 a.m., Global Launch: Volvo VOR XC90 and the VOR XC70 (Volvo Ocean Race)

- 11:00 a.m., Mayor Anthony Williams' weekly press briefing, including General Motors B.E.S.T. jobs announcement and unveiling of restyled STS Cadillac for Mayor Williams.

- 12:00 p.m., Reception
- 12:30 p.m., Luncheon hosted by WANADA and the Washington Auto Press Association, with presentation of the John Lynker Award for Excellence

in Responsible Design.

- 2:00 p.m., Launch of The Hands On Contest, sponsored by Toyota.
- 2:15 p.m. Energy Symposium: "Sustaining Mobility in an Energy Challenged World," moderated by Warren Brown, automotive reporter for *The Washington Post*, presented by AIADA.

The 2006 Washington Auto Show: *The State of The Auto*, will welcome the public from Jan. 24 - 29, showcasing over 800 vehicles from more than 43 domestic and import manufacturers. For more information, call (202) 237-7200 or go online at [www.washingtonautoshow.com](http://www.washingtonautoshow.com)

## VA MVDB REPORT

**Sales by Unlicensed Sales People Tops VA Dealer Board Agenda**

Once again, the Virginia Motor Vehicle Dealer Board (MVDB) considered two cases of sales by unlicensed sales people at its recent January meeting. The cases revealed how the dealer's cooperation in any investigation can have a significant impact on the civil penalty assessed.

In one case, the sales were done by an unlicensed sales person as a result of negligence – there was a system problem and the dealer did not follow up on the salesperson's application. In that case, even though a hearing officer recommended that no civil penalty be imposed, the board felt that some civil penalty must be paid because there was negligence. However, in light of the cooperation by personnel of the dealership with MVDB representatives, a civil penalty of only \$50 per unlicensed sale was imposed.

In the other case, another dealer who had sales by an unlicensed sales person was found by a hearing officer to be uncooperative with MVDB representatives – requiring substantial work to dig out the facts concerning unlicensed sales – and was assessed a civil penalty of \$500 per unlicensed sale.

Other issues of interest for dealers included:

**Ads concerning special circumstance vehicles.** MVDB considered ads concerning special circumstance vehicles – repossession, police seizures, etc. Apparently, there are a number of promotions being sold to dealers advertising sales of

these vehicles that may be misleading. As a result, the board voted to give the executive director authority to require substantiation concerning advertisement of special circumstance vehicles and the power to pursue actions to seek to have the advertisers cease and desist from misleading advertising.

**Independent dealer operator course.** The board received a report concerning the new training course for independent dealer operator candidates. The two-day course was established so that independent dealer op-

erator candidates can better understand the substantial compliance issues involved in operating a motor vehicle dealership. Under the law, dealer operators of franchised motor vehicle dealers or independent motor vehicle dealers owned by franchise motor vehicle dealers do not have to take the course, but they must pass the dealer operator test and receive a certificate of qualification.

The next MVDB meeting is scheduled for March 13, 2006 at DMV headquarters in Richmond.

**STATE LEGISLATIVE PREVIEW**

*(Continued from page 1)*

reliable, and strong. We must oppose any increase which would destabilize the current effective system and lead to negative consequences for dealers, consumers, and Virginia's economy."

In the Maryland General Assembly, election year politics are expected to be in play, with a hotly contested race for governor, a legitimate race for the Senate (a rarity in Maryland) and two contested Congressional seats. And every member of the General Assembly is up for reelection.

The top legislative concern for Maryland dealers will be the likely reintroduction (for the fourth time) of the "California Car" bill, which has passed every state in which it has been introduced in the last two years – except Maryland. There is also a possibility that some form of the California Buyer Bill of Rights Act regulating F&I procedures could be introduced. In either case MADA and WANADA will vigorously defend the dealers' interest.

Both associations also will be closely watching proposals on healthcare reform, which can help or hurt dealers, depending on what is mandated. Stronger franchise legislation to improve successorship is likely, as well as a renewed push for legislation aimed at jump-starting the market – perhaps through incentives for trading in older cars on new cars or another attempt seeking a trade-in difference on the vehicle titling tax.

There will be many more bills in both states that will affect automobile dealers, and the WANADA Bulletin will bring you up-to-date, detailed information and bill numbers as the sessions unfold.

**FOOTNOTES****Over 2,600 Use Holiday SoberRide, 400 on New Year's Eve**

The WANADA-sponsored SoberRide program gave free cab rides to 432 persons in the Washington-metropolitan area on New Year's Eve. "This level of ridership translates into SoberRide's removing a would-be drunk driver from Greater Washington's roadways nearly every single minute this New Year's Eve," said Kurt Gregory Erickson, President of the Washington Regional Alcohol Program, which conducts the region's SoberRide effort.

The total number of rides provided by the recent holiday's SoberRide program – which operated between 8:00 pm and 4:00 am nightly from December 9 to January 2 – was 2,634! Since 1993, WRAP's SoberRide program, which is a past recipient of the Virginia Governor's Award for Transportation Safety, has provided 33,277 free cab rides to would-be impaired drivers in the Greater Washington area.

In addition to WANADA, sponsors of the 2005 Holiday SoberRide campaign included Anheuser-Busch, Cingular, Enterprise Rent-A-Car, GEICO, Giant Food Inc., and Red Top Cab. For more information, visit WRAP's website at [www.wrap.org](http://www.wrap.org).

**WANADA Tag & Title Seminar, Thurs., Jan. 26  
at The Washington Auto Show**

Learn about all the new tag, title and registration changes in DC, Maryland and Virginia direct from DMV representatives from all three jurisdictions. In addition, you will receive a number of valuable tips and contact names to expedite your dealings with the state motor vehicle agencies.

*This is the only titling seminar to cover the entire region, and one tag and title coordinators, controllers, and other interested representatives from metro area dealerships cannot afford to miss!*

So don't! Sign up today for WANADA's Annual Tag & Title Seminar held in conjunction with The Washington Auto Show, Thursday, Jan. 26, 9:30 a.m. to 12:00 noon at the new Washington Convention Center, 801 Mount Vernon Place, N.W., Washington, DC. The seminar cost is \$60 per person, and \$40 for each additional person from the same company. Admission to The Washington Auto Show is included in the registration fee. For more information on both seminars, see the information sheet and registration forms enclosed with the mailed Bulletin, or call Barbara Martin at WANADA, (202) 237-7200.

**Important Reminder!****MD, VA Sales Reps Must Register for 2006 Auto Show**

Sales representatives from Maryland and Virginia dealerships who plan to be working at The 2006 Washington Auto Show, Jan. 26 - 29, 2006 *must register* with the District of Columbia government through WANADA in order to receive a waiver from DC automotive sales licensing law requirements.

Please fill out the registration form enclosed with this *Bulletin* with the names and sales license numbers of the dealership and all dealership representatives who will likely work at the show, and fax it to the WANADA office, (202) 237-9090, by **Thursday, Jan. 19, 2006**. Reps who do not register may trigger regulatory scrutiny not only for themselves but for the auto show as well. **Your immediate attention and cooperation is appreciated!**

**Enclosures:**

- 2006 WANADA Tag & Title Seminar flyer and registration form
- 2006 Washington Auto Show Non-DC Automotive Sales Representatives Participation form