

THE WANADA BULLETIN

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

WANADA Bulletin # 23-03

June 9, 2003

HAPPY 100TH FORD!

Ford Chairman Celebrates Centennial at Mt. Vernon

Bill Ford Sends Positive Message to Area Dealers

As part of Ford Motor Company's year-long celebration of its 100th anniversary, Chairman Bill Ford, great-grandson of the company's founder, Henry Ford, flew into town last Wednesday to pump up area dealers and honor the oldest national women's organization in the country, the Mount Vernon Ladies Association, which is celebrating its 150th anniversary.

What's the connection? It seems Ford Motor Company has been the association's largest and strongest partner since 1932, when Henry Ford visited Mount Vernon and noticed they needed a fire engine, which he promptly donated. Bill Ford presented the association with a picture of that first fire engine, and noted that a Ford grant this year will build a new Visitor's Arrival Station that will bear the Ford name.

In his speech to a large gathering of Ford employees and product dealers, Ford was enthusiastically upbeat about the progress the company has made in turning its fortunes around and its prospects for the future. He noted that product quality and manufacturing efficiency were greatly improved, and the company has 100 new products planned for North America in the next five years, including the all-new F-150 series truck. "Simply the best truck in the world," he added.

Ford said that although news stories make it

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With Chairman Bill Ford (second from right) at Mt. Vernon are WANADA board dealer members George Doetsch, Don Bavely and Jonathan Cherner.

Washington Auto Show

Space Allocation Meeting, June 19, To Set Stage for World Class Event

As all are aware, WANADA's Washington Auto Show is poised for new heights on the world auto show circuit in the sensational new Washington Convention Center. Planning begins in earnest when show exhibitors gather for a space allocation meeting at the Grand Hyatt Washington, Thursday, June 19.

With twice the floor space of the old convention center, all line exhibitors will have the opportunity to showcase first tier displays and the incentive to debut more introduction models and concept vehicles.

This year's allocation meeting will be based on

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Chairman Bill Ford (far left) is upbeat about the company's prospects. Long time Ford "family" member Jonathan Cherner checks out one of five "new" Model T's built for Ford's Centennial celebration. This one was the pace car for the Race for the Cure in Washington on Saturday June 7th.

Ford Celebration

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seem that no progress has been made, the company's five-year revitalization efforts have "lowered costs dramatically" and the company has "met or exceeded every quarterly projection laid out to Wall Street." But he added that Ford must continue to tighten its business

model and keep costs down.

Corporate responsibility is also a major goal, said Ford, and the company is working in a number of social and environmental areas, such as hybrids, fuel cells and improved diesel and gas engines for cleaner emissions and higher gas mileage. "Cars today are the safest, cleanest and highest quality ever," he pointed out.

Ford was obviously proud that his great-grandfather had changed history with the Model

T assembly line and a \$5 daily wage, but he was quick to add, "Nostalgia for the old days won't go far now."

He thanked the "Ford family of dealers" for their role in helping make Ford Motor Company an "American icon," and promised them an even brighter future.

US DOL Expands COBRA Requirements For Employers Offering Health Plans

The Department of Labor released new COBRA rules on May 28 that expand notice obligations for employers who offer employee health plans. The DOL is stating that about 1% of COBRA eligible employees are not made aware of their rights under COBRA. The agency is therefore informing employers that employees must be given notice of their continuation rights under COBRA when they are first enrolled into the employer sponsored health plan.

"WANADA has been in the COBRA business since the law went into effect 20 years ago, and we were already talking to our ERISA law firm before the DOL issued the new COBRA rules," said John O'Donnell of WANADA Employee Benefits. "We are pleased to report that *all WANADA insurance dealer clients will be in compliance.*"

Typical of the praise WANADA has received from clients in dealing with COBRA requirements is the following letter sent recently to WANADA's Jackie Murphy from Kathy Hummer of Hill & Sanders Ford in Wheaton, MD, who wrote: "***Thank you for getting my most recent COBRA situation completely handled within 24 hours of the event. I have not been able to find this kind of service anywhere else in the insurance marketplace. Hill & Sanders is a happy client thanks to your efforts...Keep up the good work.***"

Member dealers who offer employee health insurance through other plans should check with their brokers to make sure they are in compliance. Call WANADA today to learn more about our tailor-made, competitively priced insurance programs. Contact John O'Donnell (jod@wanada.org) or Roberta Reardon (rr@wanada.org) at (202) 237-7200.

New Tax Requirements for Diplomats

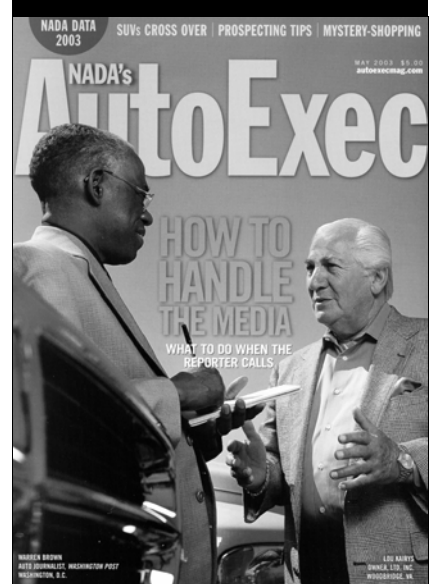
WANADA was among key dealer associations to participate in a conference call last week with federal officials concerning new tax requirements for diplomats looking to purchase a vehicle. The conference was in response to a letter sent to NADA attorney Paul Metrey on May 30, 2003 outlining the new requirements. Currently, diplomats are exempt from paying the vehicle excise tax, but this exemption is not reciprocal in all countries, so the U.S. State Department's Office of Foreign Missions will start issuing tax exemptions to diplomats on a case by case basis starting June 1st.

When a diplomat enters a dealership and proves his identity with proper verification, the dealer is to report this prospec-

tive transaction to the State Department at 202-895-3563. The State Department will then issue a letter to the dealer detailing the proper tax exemptions. If a diplomat decides to purchase a car immediately, he/she must be charged full excise tax. Each diplomatic exemption will be evaluated individually depending on the reciprocity in their home country for American diplomats.

Although this new requirement takes effect June 1st, dealers have until June 13th to comply fully with these new tax rules. The entire May 30 letter from the State Department is enclosed with this WANADA Bulletin.

DEALERS IN THE SPOTLIGHT



Cover Guys: If those fellows on the cover of the latest AutoExec magazine looked familiar, they should. They are old friends Washington Post auto writer Warren Brown and Lou Kairys of Lustine Toyota-Dodge who were featured in an article on "How to Handle the Media." Check it out.

Space Allocation Meeting

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a space draw — exhibitors requesting the most space will get the first draw. In the new *2.3 million square foot* convention center, which features nearly 800,000 square feet of exhibit space on two levels with uniform, 35 foot high ceilings throughout, the good news is that there is no bad space, one is as choice as another.

The Washington Auto Show will be the *first* major public event to give area car buffs and shoppers an opportunity to see this beautiful new "monument." This year's show will also be three days longer and will include two full holiday weekends, which should be another strong incentive for exhibitors.

It is important for dealers to touch base with their line group reps *not to miss this meeting!* For those who missed our initial tour in May of the convention center, additional tours are being arranged before and after the allocation meeting.

For more information, contact Bob Yoffe at Yoffe Exposition Services 1-800-963-3395

Dottie Fitzgerald Named Catholic Business Person Of the Year

For her outstanding efforts to build a strong partnership between business and schools to help students explore careers in the auto industry, Dottie Fitzgerald of Fitzgerald Auto Malls has been named Catholic Business Person of the Year by the Montgomery County Catholic Business Network. As a board member of the Automotive Trades Foundation, Dottie orchestrated the annual "Career Day" and spearheaded this year's successful passage of a MD bill to obtain on-site worker's comp coverage for trainees. She is also a member of the Montgomery County Advisory Council for Career and Technology and has been a force behind the Fitzgerald child safety seat checks. Congratulations Dottie!



REMINDERS:**MD Dealers: DOC Fee Seminar, Thursday, June 12**

Maryland dealers scored a major victory May 13 when Governor Robert Ehrlich signed into law legislation that will increase dealer processing charges from a maximum of \$25 to \$100, effective July 1st. To explain the new requirements that come with an increased fee, a dealer seminar is being held this **Thursday, June 12 at the Greenbelt Marriott, 10:00 a.m. – 12:30 p.m.** The fee is \$75 for members only. Featured presenters will be MNCTDA President Peter Kitzmiller, Mike Johansen of Rifkin, Livingston, Levitan & Silver, LLC, and Mike Charapp of Charapp, Deese & Weiss, LLP who will give a full explanation of the bill requirements related to buyers' orders, advertising, freight charge, disclosures and a written explanation for the charge.

Dealer principals, managers, sales managers, and F & I managers should attend this important seminar, but space is filling fast. If you have not yet registered, please call MNCTDA, (301) 261-1717) today!

Sign Up Now for Bobby Mitchell Banner Ads Online

Purchase a banner ad to be featured on the www.bobbymitchell.com Website! WANADA is the primary sponsor of the 13th annual Bobby Mitchell Toyota Hall of Fame Golf Classic. The Website will be featured on all event press materials, and our media partners, WTEM and Comcast, will highlight this site in their promotion. Banner ad purchasers will also be mentioned in our exclusive event program book. Join in the fight against leukemia and promote your business by purchasing a banner ad today! Banner ads are selling for \$1,000 each and are limited, so please call Wil Desjardin at WANADA, (202) 237-7200, ext. 18, to reserve your banner ad.

62nd Washington Soap Box Derby, June 21, 2003

Derby Day in DC doesn't have a thing to do with horses. We're talking Soap Box Derby: kids, 8 to 17 years old, in three divisions blitzing down a quarter mile course on Constitution Ave in their hand-built, gravity-powered, brightly-decorated racers – several sporting flashy dealership names and logos.

As the proud *lead* sponsor of this all-American event for over 10 years, WANADA encourages its members and friends to join the patrons and participants in cheering on these enterprising young speedsters for the 62nd running of the Greater Washington Soap Box Derby, Saturday, June 21, 2003. Other sponsors include Canon USA, Case Handyman Services and Sheetz Building Supply. Winners move on to compete in the All-American Soap Box Derby in Akron, Ohio in August. Last year's derby in Washington featured 60 participants, and received extensive coverage by both broadcast and print media.

For more information about the race or sponsorships, visit the Web site, www.dcsapboxderby.org, or contact Tom Mann at WANADA, (202) 237-7200.

Staying Ahead...

Always and never are two words you should always remember never to use.

—Wendell Johnson

Enclosures:

- New Tax Requirements for Diplomats letter
- Bobby Mitchell Banner Ads online application
- Bobby Mitchell Hall of Fame information sheet & donation form

New Tax Requirements for Diplomats

The following letter was sent to NADA attorney Paul Metrey on May 30, 2003 by Cliff Seagroves, Diplomatic Tax Exemption Officer, Office of Foreign Missions, U.S. Department of State, Washington, D.C. 20520:

The purpose of this letter is to inform you of a change in the procedure for allowing a Diplomatic Tax Exemption on the official or personal purchase of an automobile.

Effective immediately, the procedure and policy for purchasing any vehicle in the United States by all diplomatic missions and members has changed.

Before the transaction is completed the Office of Foreign Missions must clear each vehicle purchase for tax exemption.

(1) The purchaser should present a mission tax exemption card, a personal tax exemption card, or a protocol identification card to the seller of the automobile. This proves to the seller that the purchaser is indeed a diplomatic agent or is authorized to make official purchases on behalf of a diplomatic mission. The seller is required to retain a copy of this card. *(Due to reciprocity, some diplomatic agents, who are not eligible for a tax exemption card, may be eligible, for exemption from taxes on vehicles. In these cases a copy of their protocol identification card would be necessary.)*

Members of the United Nations (UN), Organization of American States (OAS), World Bank (WB), and the International Monetary Fund (IMF) requesting a diplomatic tax exemption on the purchase of a vehicle must present their personal tax exemption card. This is the only documentation of exemption that may be accepted to authorize a diplomatic tax exemption for members of the United Nations.

(2) When a mission or diplomatic agent plans to purchase a vehicle, the seller must contact the Office of Foreign Missions for a determination on the tax-exempt status of the purchaser. The telephone number that the seller should contact is (202) 895-3563. If the purchase is being made outside of the Washington D.C. area, the purchaser may contact an OFM Regional Office.

(3) The Office of Foreign Missions will determine the tax-exempt status of the purchaser and provide a letter to the seller. This letter will state whether or not the purchaser is eligible for exemption from any sales and use tax imposed at the point of purchase by the state in which the sale will occur, If sales and use taxes are imposed by the state in which the sale is taking place, and the purchaser is determined not to be eligible for exemption from this tax, the purchaser is required to pay this tax to the seller.

Existing vehicle registration procedures will not change as a result of this new policy. Diplomatic missions and their members, including dependents, are required by federal law (22 U.S.C. Sec. 4303) to register all vehicles that they own or lease with the Office of Foreign Missions, Diplomatic Vehicle Office. At the time of purchase, all original ownership documents must be submitted to the Diplomatic Motor Vehicle Office for proper vehicle registration.

In order for dealerships to prove to taxing authorities that a vehicle purchase was/is eligible for a diplomatic tax exemption, the dealer must obtain and maintain the following documentation:

1. Obtain a letter of authorization for vehicle tax exemption from the Office of Foreign Missions by calling (202) 895-3500 or the nearest OFM Regional Office.
2. A copy of the foreign diplomat's ID.

The Office of Foreign Missions Diplomatic Tax Program is available for any questions or concerns regarding this change in policy. If I can be of further assistance, please contact me (Cliff Seagroves) at (202) 895-3541.