



THE WANADA BULLETIN

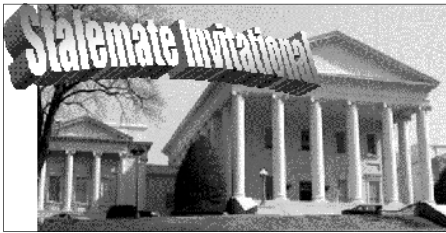
NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

WANADA Bulletin # 27-06

July 5, 2006

STATE LEGISLATIVE UPDATE

VA Budget Battle Ends, Sans Transportation Tax Hikes *No Increase in Vehicle Titling Tax*



It got so bad that *The Richmond Report*, an online blog of news and notes on Virginia politics, ran a “Stalemate Invitational” contest for voters to guess the exact date when a budget agreement would be reached by the 2006 General Assembly. It finally happened last Wednesday after the Republican-led House of Delegates voted to reject 20 of 36 amendments proposed by Gov. Timothy M. Kaine (D) and gave final approval to a two-year, \$72 billion state budget that excluded a host of new tax in-

creases and fees proposed by the governor to fund the state’s transportation projects.

The best news for Virginia dealers was the rejection of any increase in the vehicle titling tax, an issue heavily lobbied against by VADA with WANADA’s support.

Coming just four days shy

of a July 1 fiscal year deadline that threatened to shut down the government and cause a constitutional crisis, it was the most overdue budget in state history. The action came on the 93rd day of a historic special session “immersed in frustrating delay, parliamentary infighting and

(Continued on page 3)

LAST CALL ON BOBBY MITCHELL HALL OF FAME CLASSIC!

Join Us This Weekend for the Sporting and Networking Event of the Summer!

The Bobby Mitchell Hall of Fame Classic, July 8 & 9

Some Sponsorship Opportunities Still Available, Still Time to Donate Last-Minute Auction Items

The Bobby Mitchell/Toyota Hall of Fame Classic sponsored by Washington Area Auto Dealers is the big summer event for area dealers who host it. And though the clock’s ticking down, there’s still time to be a part of this extraordinary event, which kicks off this weekend at the renowned Lansdowne Resort, July 8 & 9.

Not only are we looking to set another fundraising record for the benefit of the Leukemia & Lymphoma Society, the Bobby Mitchell Hall of Fame Classic offers a rare opportunity for Washington area dealers to golf and mix with over 40 Hall of Fame sports legends, including the latest “Famers” to sign on: Harlem Globetrotter legend Meadowlark Lemon, former Congressman and Seattle Seahawks great Steve Largent, and Milwaukee Bucks star Wayne Embry. They will join such notables as Bears' Gale Sayers, Los Angeles Rams' Deacon Jones, Milwaukee Bucks'



Come join Bobby and 41 of his sports legend friends.

(Continued on page 4)

Inside...

- KBB and NADA Guides on Buyer Patternsp.2**
- VA Changes HOV Hybrid Rules.....p.2**
- Estate Tax Put On Hold.....p.3**
- Web-Based System for Hazardous Waste Paperwork.....p.3**
- Safety Advantages of Electronic Stability Control.....p.3**
- New AIADA Leadership Addresses WANADA Board.....p.4**
- Window Stickers for Used Cars Available Online.....p.4**

INDUSTRY TRENDS

KBB and NADA Guides Offer DC Media Insights on Buyer Patterns

Spokesmen for the two little books that serve as the Holy Grail of car values—the Kelley Blue Book (KBB) and NADA Guides – recently schooled DC auto writers on their operations and offered insights into current Web practices and buyer patterns.

Speaking at the June luncheon of the Washington Automotive Press Association (WAPA), Jack R. Nerad, executive editorial director for KBB, and Mark Perleman, lead automotive expert for NADA Guides, confirmed that higher gas prices were impacting buyer patterns. KBB saw “record levels of interest in compact mid-size sedans and moderating interest in midsize and full size SUVs. Mid-size SUVs on both the new and used side have been hit particularly hard,” Nerad noted. Hybrid interest rose from about 7 percent to 11 percent from April through May.

Ironically, consumer surveys at KBB indicate that, while consumers think the government should force automakers to expand the fuel economy of their models, they show little interest in buying a fuel efficient, smaller model car, Nerad added. “Hybrids are perceived only as fuel efficient vehicles with sacrifices in performance and the newer hybrids that offer performance enhancement are not getting the message across.”

With one in three new car buyers doing their research at KBB.com (over 10 million “hits” a month), Kelley is also the most-visited automotive

website among used-vehicle shoppers, according to J.D. Power and Associates' 2006 UsedAutoShopper.com study.

But NADA Guides is still the going away leader in published guides, with 28 million subscribers to all its publications covering autos, RVs, boats, motorcycles and sports transportation. NADA Guides opened its website in 2000. Consumers can plug in their vital statistics and the car that they want and ask for a local dealer to respond, Perleman pointed out. “Of all those consumers who submitted a lead on-line, 41 percent bought a car within 60 days.



Jack Nerad of Kelly Blue Books and Mark Perleman of NADA Guides at the June WAPA luncheon.

The 4 million unique visitors to the website are there as real market shoppers for a new or used car, sports vehicle, boat or RV,” he said.

July 1 Change on VA Clean Fuel Vehicles in HOV Lanes Goes Off Without a Hitch

The change in Virginia’s law exempting certain registered clean fuel vehicles from High Occupancy Vehicle lane requirements in the state that became effective last weekend, July 1, 2006, did not appear to cause any car customer fallout.

The law, which incentivized and continues to incentivize consumers to purchase certain hybrid, clean fuel vehicles, such that they can travel in HOV lanes without other passengers, was modified for vehicles purchased and registered July 1 and after to the extent that the HOV exemption would no longer apply to the I-95 and I-395 corridor. Eligible and registered vehicles July 1 and after would continue to benefit by the HOV exemption on other Virginia HOV thoroughfares, such as I-66.

When the law changed, the Department of Motor Vehicles took the administrative position that eligible clean fuel vehicles needed to be purchased, without condition, with the HOV exemption tag paperwork in DMV’s hands by June 30, 2006 for the owner to have the full HOV exemption, evidenced ultimately by the appropriate vehicle tags.

The entire HOV exemption program for vehicles is slated to expire *in toto* July 1, 2007

Qualifying vehicles are: the Toyota Prius, Honda Insight, Honda Civic, 2005-2006 Ford Escape, 2006 Honda Accord, 2006 Toyota Highlander, 2006 Lexus RX400, 2006 Mercury Mariner, 2007 Toyota Camry Hybrid, and 2007 Lexus GS450h.

NEWS NOTES

Senate Votes Scarce, Estate Tax Put On Hold

Senate Majority Leader Frist put on hold last week his plan for a Senate vote to permanently reduce the estate tax, as efforts to secure 60 votes for a House-passed estate tax bill fell short, according to the *National Journal/Congress Daily*. Frist gave no indication when he might schedule a vote on the estate tax issue, but promised that ultimately the vote will occur. "Everyone should be clear: The Senate will vote on a permanent reduction to this tax – a tax that destroys small businesses and family farms," Frist said.

Macey Davis, tax counsel for the National Federation of Independent Business, said NFIB members would deploy in states including Washington, Louisiana, Arkansas, Montana, Hawaii and West Virginia. Democratic senators in each of those states are seen as potential votes for a permanent estate tax cut. "This allows people to get their grassroots out to meet the senators who are actually home this week," Davis told the *Journal*.

NADA is encouraging dealers to contact their Senators while they are in their home states next week. "This additional time gives us a good opportunity to make our case directly on our home turf," said NADA Chairman William Bradshaw. "The simple message: We need a permanent fix for the estate tax," he added.

NADA Says EPA Should Develop Web-Based System to Track Hazardous-Waste Paperwork

Last week, NADA provided comments to the Environmental Protection Agency in support of establishing a centralized, Web-based national system to track federal and state hazardous waste manifests. Car and truck dealerships together prepare tens of thousands of manifests each year. A centralized national system would help reduce the considerable paperwork burden for dealerships. NADA will continue to work with EPA on this proposal.

Study Shows Safety Advantages of Electronic Stability Control

An important piece of information to pass on to new car buyers is new research released by the Insurance Institute for Highway Safety that shows stability-control systems would save about 10,000 lives a year if they were on all vehicles, which makes the technology's life-saving potential second only to seat belts. The IIHS estimates that if all vehicles had stability control, crashes would go down 56 percent and the overall risk of single vehicle crashes would go down 40 percent. Stability control is standard equipment on 40% of 2006 models (mostly SUVs) and optional on 15%.

VA Budget Battle Ends *(Continued from page 1)*

partisan rancor," according to *The Washington Post*. The House of Delegates and Senate have been wrangling over whether to raise taxes for transportation since adjourning their regular session without a budget March 11. The assembly opened a special session two weeks later.

But even as legislators gave final approval to the spending plan, they agreed to return to Richmond, possibly in September, for a last-ditch attempt at reaching a deal that would implement Kaine's tax plan for transportation improvements. Regardless of the outcome of that session, however, the ongoing issue of transportation funding can be expected to remain a hot topic in this election year.

All in all, it was a successful session for Virginia dealers with the passage of bills on consumer protection legislation designed to reduce litigation, a clarification of vehicle damage disclosure and used vehicle damage, and a bill that clarifies temporary tag issues. The Senate and House also agreed on bills that would eliminate the estate tax entirely.

BOBBY MITCHELL HALL OF FAME CLASSIC (Continued from Page 1)

Tamara Darvish is looking for another fundraising record.

Oscar Robertson and Redskins greats, Sonny Jurgensen, Sam Huff, Charley Taylor, John Riggins and, of course, Bobby Mitchell himself.

There are still some **sponsorship opportunities available – as well as the need for a wide variety of auction items** – for dealers and kindred-line members to participate in this worthwhile and highly entertaining event.

For more information on participation and sponsorship opportunities for this year's Hall of Fame Classic, contact Hall of Fame Co-Chair Tamara Darvish at (301) 622-0300. *Last call!*

New AIADA Leadership Addresses WANADA Board

Longtime WANADA member and former lieutenant governor of Virginia, Don Beyer attended the recent WANADA Board of Directors meeting to update the Board on his new role as AIADA chairman. Accompanying Beyer was Cody Lusk, who became AIADA's new president on June 19.

The new AIADA leadership team discussed the association's legislative priorities and new directions.



From left: WANADA Chairman Jack Fitzgerald, AIADA President Cody Lusk and AIADA Chairman Don Beyer at the recent WANADA Board of Directors meeting.

Window Stickers for Used Cars Available Online

The N.A.D.A. Official Used Car Guide Co. has launched a new Web-based used-car window sticker product. N.A.D.A. Online for Dealers combines used-vehicle values from NADA and new-vehicle invoice data from Chrome Systems, Inc. Subscribers can log in at www.nada.com/b2b, enter vehicle info, including options and accessories, and print the sticker. Users can access model years 1998-2006. For quick updates or reprints, the program keeps track of vehicles valued and saves them to the user's working list for up to 90 days. NADA updates values monthly. There is also an integrated link to AutoCheck to look up a vehicle's history report. Buyer's guides, loan and summary reports, and certified pre-owned stickers can be printed, too. For more information, visit www.nada.com/b2b or call 800-544-6232.

Staying Ahead...

Say what you will about the Ten Commandments, you must always remember that there are only ten of them.

-- H. L. Mencken