

THE WANADA BULLETIN

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

WANADA Bulletin # 3-03

January 21, 2003

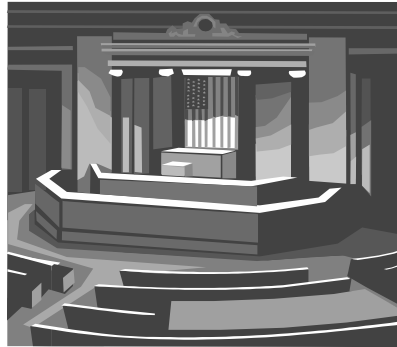
MD, VA Legislatures Open for Business

WANADA Working with State Associations on Dealer Agenda

General Assemblies in Maryland and Virginia opened their annual legislative sessions last week, and WANADA is working in close concert with MNCTDA and VADA to make sure dealer issues are not overlooked as both legislatures wrestle with severe state budget shortfalls.

WANADA and Washington area dealer leadership were on hand at receptions hosted in Richmond and Annapolis last week by VADA and MNCTDA to meet incoming and incumbent lawmakers and other state leaders including Virginia Gov. Mark Warner and Maryland Gov.-Elect Robert L. Ehrlich Jr.

In attendance at each reception were motor vehicle agency chiefs Ab Quillian from Virginia and Anne Ferro from Maryland. Ferro, it should be noted, was among 30 top state officials to receive a pink slip from the incoming



Ehrlich administration, only to be reinstated the next day with the strong backing of WANADA and MNCTDA which urged the new admini-

stration to retain Ferro because of the improvements she has made at the MVA and in the agency's relationship with dealers.

Virginia

In Richmond, representatives from WANADA and VADA spent a "Day on the Hill," meeting with delegates to discuss the following legislative initiatives:

(See Legislation, page 2)

VA MVDB Adds its Support for Dealer Bills

In its regular committee and board meetings held last week, the Virginia Motor Vehicle Dealer Board reviewed and added its support for several key bills pending before the Virginia House of Delegates. (See above article for more information on the bills).

The MVDB determined to support HB 1521, Salvage bill, but voted to oppose HB 1659, which provides that vehicles will only be permanently branded to show they are rebuilt vehicles if they have been damaged in excess of 75% of fair market value, believing that HB 1521 provides better protection for consumers and other vehicle buyers.

The board also agreed to support HB 2604, Dealer Bond; HB 1443, Sale or Transfer of Motor Vehicle Dealerships; and HB 2502, which allows the Commissioner of Motor Vehicles to appoint motor vehicle dealers as licensed agents. This will allow dealers who choose to do so to use electronic online titling systems to do title work for consumers.

The MVDB determined to take no position on many other legislative bills that are pending. The following actions were also taken:

Advertising. The MVDB

(See VA MVDB, page 3)

Inside...

DC DMV Responds to Dealer Concerns.....

...p.3

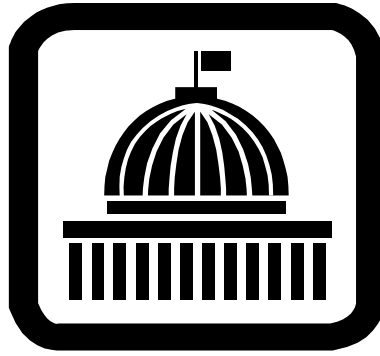
In Praise of WANADA Employee Benefit Services.....

Legislation

(continued from page 1)

- **HB 1521, The Salvage bill** would require that any vehicle branded as a salvage vehicle remain permanently branded to alert future purchasers, both consumers and dealers, of the vehicle's prior damage. Currently, any vehicle to which an insurance company takes title is branded with a salvage certificate. Once repaired, certain of those vehicles can receive a title clear of any indication of the salvage history of the vehicle, or a "clean" title. Dealers believe consumers and dealers have a right to know this information.
- **HB 2604, The Dealer Bond bill** amends the law concerning the Motor Vehicle Transaction Recovery Fund. This amendment will allow two alternatives to participation in the Transaction Recovery Fund; an individual dealer bond or a blanket bond provided by a dealer association.
- **HB 1630, The Motor Vehicle Sales and Use Refunds bill** makes clear that when sales and use tax is paid in error a refund is due. It enumerates what constitutes sufficient proof of an error in some situations involving clerical mistakes.
- **HB 1443, The Sale or Transfer of Motor Vehicle Dealerships**, is a technical amendment to the franchise statute to allow limited liability companies owned by family members of the dealership's owners to be exempt from the manufacturer's right of first refusal in the event of a transfer of a dealership.

Other bills supported by Virginia dealers include: **HB 1618, on Used Vehicle Damage** that will make it a violation of the consumer protection act for any person to transfer a used vehicle without disclosure of past damage on any used vehicle less than four years old or with less than 50,000 miles, **HB2537 Motor Vehicle Sales and Use Tax**; closes the loophole that allows the underreporting of the value of vehicles in casual sales to ensure the appropriate tax revenue is collected on these non-dealer transac-



tions; an **Automobile Insurance Disclosure Bill** (no bill number yet) that would prohibit an insurance company from steering customers to a repair facility that it owns; and **SB 1123 Death Tax Repeal**, which matches the federal law.

Maryland

In what can only bode well for Maryland dealers, Gov. Ehrlich noted at the MNCTDA reception – the day before his inauguration – that his first summer jobs were washing and running cars around at the now defunct Archway Ford in Baltimore, where his dad worked as a salesman for 37 years. In fact, Archway's owner, Allen Abramson, was instrumental in getting young Ehrlich involved in politics.

As Maryland's 60th governor and first Republican in 34 years, Ehrlich will have his work cut out for him dealing with a Democrat dominated legislature in trying to resolve a \$1.7 billion budget deficit. Maryland dealers will be vigilant to any proposals to raise taxes, particularly any increase in the excise tax from its 5 percent lead, which may loom if proposals to bring slot machines to the state fail.

But dealers are optimistic that, with Ehrlich's support, they will be able to successfully pass two primary bills due to be introduced this week. The first (no number yet) will attempt to **increase Maryland's "Dealer Processing Fee"** from a maximum of \$25, where it has been for the past ten years.

The second is a franchise bill that will seek to get a **relevant market law** passed in Maryland – one of only five states that doesn't have it. Also included in that bill will be a **warranty provision** that says if a dealer can prove a repair was done under warranty they are entitled to get reimbursed from the manufacturer even if all the paperwork is not technically correct!

No other specific Maryland or Virginia bills have been identified as good or bad for dealers at this time, but the WANADA Bulletin will offer further updates on both legislative sessions as events unfold.

VA MVDB

(continued from page 1)

considered several ads that promised a payment if the dealer could not meet the price of a competing dealer, and noted that: a dealer who advertises a comparative price offer (e.g. "we will pay you \$_____ if we cannot beat a competing price") must disclose all conditions in the ad. It is not permissible to say things such as "rules and terms are available in showroom."



All conditions of the offer must be specific, verifiable and reasonable. For example, a statement that the competitor's price must be from a "local" dealer is not verifiable. The location of the competitor must be more specifically defined. Finally, the advertisement must state specifically any material conditions that must be met and what evidence the consumer must present to take advantage of the offer in the advertisement.

Sales Persons Licensing. The MVDB accepted a resolution by its Task Force on Licensing that the board implement a policy that all salespersons must be employed by the dealership as wage employees and not as independent contractors. The Virginia Motor Vehicle Dealer Act defines a salesperson as someone employed as such "by a motor vehicle dealer . . ." Noting that under IRS regulations, independent contractors must act independently of dealer control, it was determined that independent contractors, by definition, cannot be under the control of a dealer so that they can be considered "employed" as the statute requires. A notice to this effect will go out to all dealers by March 1, 2003. The MVDB also voted to develop a system to make sure that each applicant for a license or license renewal be employed by the dealer.

The next meeting of the committees and the board was set for March 10, 2003.

DMV UPDATE:

DC DMV Responds To Dealer Concerns

In response to a meeting held with top officials at the District of Columbia Department of Motor Vehicles, WANADA received a gracious letter from DMV Director Sherryl Hobbs Newman thanking the association "for the opportunity for open dialogue between your members and the Department of Motor Vehicles."

She assured WANADA that the DMV's Jacqueline Stanley had spoken to all the dealers who had sent letters to the agency expressing a range of concerns, from not receiving a refund to the DMV staff being unavailable and unresponsive, and that all the problems had been resolved.

Newman also provided, as requested by WANADA, the following list of employees that dealers can speak with if they are experiencing problems. Listed below are names, phone numbers, service centers and e-mail addresses for dealer contacts:

- **PENN BRANCH SERVICE CENTER**

Dealer hours of operation: 8:00 a.m.-12:00 a.m.

Contact- Mary Parker

Email- mary.parker@dc.gov

Telephone- (202) 645-6502

- **301 C STREET SERVICE CENTER**

Dealer hours of operation: 9:00 a.m. - 1:00 p.m.

(Tuesday-Friday only, closed Mondays)

Contact- George Gibbs

Email- george.gibbs@dc.gov

Telephone- (202) 727-1246

If the dealers cannot resolve their concerns with the employees named above, they may contact:

JOAN SALEH Customer Service Manager

Email: joan.saleh@dc.gov

Telephone: (202) 576-8275

Newman also requested that the DC DMV letter/survey enclosed with this issue of the WANADA Bulletin be sent to members as a "collective effort between WANADA and the DMV." Responses can be faxed back to WANADA at (202) 237-9090.

FOOTNOTES:**In Praise of WANADA Employee Benefit Services**

WANADA's John O'Donnell recently received the following letter from Morton J. Zetlin, chairman of the American Service Center in Arlington, Va. We thought we would pass it along and let it speak for itself.

"We want to thank you for the excellent service you gave us by acting as our insurance consultant. We had a problem. Our prior broker had arranged for (a carrier) to be ours for the past two years. This year (that carrier) raised their costs a whopping 38%! We spoke to our former broker and to others, but needed expert advice. Gerry Murphy suggested that WANADA and you act as our insurance broker. Largely through your efforts, we were able to come to an informed decision. We decided, again with your very valuable input, to sign with MAMSI. I personally have used this new coverage with a specialist and with the pharmacist, and everything went smoothly and without any problems.

"We just want you to know that if anyone is faced with the dilemma that we had to face, they can count on WANADA for the proper guidance. They can also feel free to contact Ralph Mastantuono, Alvin J. Brooks or me at the [American Service Center, (703) 525-2100] as well."

For more information on how WANADA's employee benefits programs can help your dealership, contact John O'Donnell or Roberta Reardon at (202) 237-7200.

Donate Your Vehicle Today — to ACT, That is:

Steve Boden, vice president of operations for the Montgomery County Automotive Career Technologies (ACT) Foundation has asked WANADA to enclose a handy memo pad to all WANADA member dealers as a reminder for dealers and individuals to donate their vehicles to ACT. The donations are tax deductible and are used to raise funds and provide vehicles for ACT's pre-apprentice technician training programs. Operating in conjunction with the Montgomery County Public Schools, ACT has several programs functioning with input from a board of directors consisting of area dealers and business leaders committed to career education.

Correction!

In last week's Bulletin article "New Year Tax Review" we said that the 401(k) and 403(b) limit for individuals had increased to \$11,000 for 2003. The correct figure is \$12,000. Sorry!

Thought for the Week...

*"In the end, we will remember not the words of our enemies,
but the silence of our friends..."*

—Martin Luther King, Jr. (1929-1968)

- DC DMV Letter/Survey
- ACT memo pad