

WANADA Bulletin # 32-06

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## LEGISLATIVE UPDATE

# Death Tax Reform Fails Again in Senate

*Another Vote Possible This Fall*

Once again, the US Senate proved to be the death knell of estate tax reform legislation when it voted last week 57-41 (three votes shy of the 60 votes required) on a cloture motion to proceed with GOP-backed legislation calling for a permanent reduction in the estate tax.

The bill also included a boost in the federal minimum wage from \$5.15 to \$7.25 favored by Dems, as well as a host of expired tax cuts.

However, Senate Majority Leader Bill Frist (R-TN) switched his vote to "no" in order to preserve his right to reconsider the vote. As a result, the legislation may see another vote this fall. Frist told senators who voted against the bill to "rethink long and hard" during the four-week recess that began last Friday.

Four Democrats joined Republicans and voted for the bill:

Sens. Byrd (WV), Nelson (FL), Nelson (NE), and Lincoln (AR). But two Republicans, Sens. Voinovich (OH) and Chafee (RI), voted against cloture.

"In the end, the Frist gamble to combine estate tax relief with the minimum wage did not pay off, but the vote represents progress on death tax relief," said NADA. "Despite Frist's earlier threat that this would be his last effort to bring the estate tax bill up for a vote this year, his state-

ment that he may bring up the bill in the fall will provide NADA with a well-timed opportunity to push the issue during the September Washington Conference. NADA appreciates the help of all dealers and Automotive Trade Associations who worked the issue."

AIADA also pledged to keep its members informed of any developments during the August recess and continue its support of death tax relief.

## NEW FEATURE: KINDRED KORNER

### Chesapeake Petroleum, Serving Dealers for 45 Years

Over the years, WANADA has been blessed with the strong support of a wide array of prominent Kindred-Line member organizations. In recognition of this support, the WANADA Bulletin will be profiling these organizations and their WANADA representatives in a regular feature called "Kindred Korner." Leading off in this issue is Chesapeake Petroleum & Supply Inc., which has been taking care of dealers for 45 years, and whose president and CEO Tony Santy serves on the WANADA Board of Directors.



**Tony Santy**

"Although the benefits of being a Kindred-Line member of WANADA are many, the one that stands out the most to me is it has given me the opportunity to form business relationships with members of the car dealer community that have grown to become personal relationships that are mutually respectful and personally gratifying," said Santy, who has been with

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## STATE LEGISLATIVE UPDATE

## Poll Shows Virginia Voters Rejecting Added Taxes for Transportation

Several newspapers in Virginia have published articles this past week regarding results from a recent Mason Dixon poll that included a number of transportation related questions. For those who are arguing for additional revenue for transportation, the results are, on the whole, not encouraging.

Poll results indicate that while 68% of those surveyed believe a special session of the legislature to address Virginia's transportation issues is necessary, voters appear to reject nearly all of the proposals offered by Governor Kaine and the General Assembly to address funding for critical infrastructure needs.

The poll indicates little appetite for additional taxes for transportation, with 50% of the registered voters statewide who responded to the poll opposed to the concept of raising taxes for transportation. Even in grid-locked Northern Virginia, raising taxes was narrowly embraced by a 48% to 42% margin. In other regions of the state, Hampton Roads and Richmond (who were lumped together in tabulating the results of the survey) opposed tax increases by a 54% to 37% margin, while Southwest and Southside Virginians rejected taxes by a 52% to 34% spread.

Those surveyed also rejected a variety of fee increase proposals and tax related increases for transportation, particularly fees and taxes related to automobile sales or other auto related areas, such as insurance and registra-

tion fees. **Those surveyed opposed increasing the sales tax on automobiles by 61%.** They rejected higher fees on auto insurance premiums by 86%, and opposed an increase in the motor-vehicle registration fee by 60%. A fuel related proposal also faced significant opposition, with 59% of those surveyed opposed to a tax on gasoline stored at fuel depots. All of these proposals have been championed by either the Virginia Senate or Governor Kaine.

The poll also indicates there is resistance to the House of Delegate's position regarding the diversion of General Fund revenues to transportation or the utilization of bonds as a means to achieve additional transportation funding, with 52% opposed to cutting state spending in other areas and shifting funds to the highway budget. Another 53% of those surveyed rejected bond-financing of roads requiring debt repaid with interest.

### NEW FEATURE: KINDRED KORNER

#### Chesapeake Petroleum *(Continued from page 1)*

Chesapeake Petroleum for 32 years.

"Being the Kindred-Line representative to the WANADA Board of Directors is a new learning experience at each monthly meeting I attend," he continued. "Some board members are competitors in a very tough industry, but one would never know it at the meetings. To watch board members put aside their differences for the greater good of the automotive community as a whole is very interesting to watch and see in action. There are many other industries that could do themselves justice by following suit."

Founded by Rexford A. Davis in 1961, Chesapeake Petroleum & Supply Inc. is an oil distributing company that has 12 sales representatives that market its product lines in Maryland, Virginia, and the District of Columbia. The company has become the premier distributor of automotive lubricants and other related products in the Mid-Atlantic region.

Chesapeake has been headquartered in Gaithersburg, MD since 1967, and added a second distribution center in Upper Marlboro, MD in 2000. Through the years the company has diversified its product line to include filters, anti-freeze, wiping material, sealants, wiper blades, reconditioning chemicals and other automotive related items. Chesapeake also enjoys an outstanding reputation for being financially supportive to its clients.

Tony Santy can be contacted at Chesapeake Petroleum & Supply Inc., 16821 Oakmont Ave., P.O. Box 7610, Gaithersburg, MD 20898-7610; tel: (301) 948-3150, e-mail: [tsanty@chespet.com](mailto:tsanty@chespet.com).

## HYBRID UPDATE

**Federal Tax Credits For 2006/2007 Hybrid Vehicles**

Customers who buy or lease certain hybrid vehicles between January 1, 2006 and December 31, 2010 can receive federal tax credits. The credit is only available to the original purchaser of a new, qualifying vehicle. If a qualifying vehicle is leased to a consumer, the leasing company may claim the credit. These models have been certified for the credit in the following amounts:

**Model Year 2007**

- Chevrolet Silverado 2WD Hybrid Pickup Truck — \$250
- Chevrolet Silverado 4WD Hybrid Pickup Truck — \$650
- Ford Escape Hybrid 2WD — \$2,600
- Ford Escape Hybrid 4WD — \$1,950
- GMC Sierra 2WD Hybrid Pickup Truck — \$250
- GMC Sierra 4WD Hybrid Pickup Truck — \$650
- Lexus GS 450h — \$1,550
- Mercury Mariner 4WD Hybrid — \$1,950
- Saturn Vue Green Line — \$650
- Toyota Camry Hybrid — \$2,600

**Model Year 2006**

- Chevrolet Silverado 2WD Hybrid Pickup Truck — \$250
- Chevrolet Silverado 4WD Hybrid Pickup Truck — \$650
- Ford Escape Hybrid (Front) 2WD — \$2,600
- Ford Escape Hybrid 4WD — \$1,950
- GMC Sierra 2WD Hybrid Pickup Truck — \$250
- GMC Sierra 4WD Hybrid Pickup Truck — \$650
- Honda Accord Hybrid AT w/updated calibration and Navi AT w/updated calibration — \$1,300
- Honda Civic Hybrid CVT — \$2,100
- Honda Insight CVT — \$1,450
- Lexus RX400h 2WD — \$2,200
- Lexus RX400h 4WD — \$2,200
- Mercury Mariner Hybrid 4WD — \$1,950
- Toyota Highlander 2WD Hybrid — \$2,600
- Toyota Highlander 4WD Hybrid — \$2,600
- Toyota Prius — \$3,150
- 2006 Honda Accord Hybrid AT and Navi AT without updated calibration qualify for a credit of \$650.

Consumers seeking the credit may want to buy early since the full credit is only available for a limited time. Taxpayers may claim the full amount of the allowable credit up to the end of the first calendar quarter after the quarter in which the manufacturer records its sale of the 60,000th hybrid or advance lean burn technology. For the second and third calendar quarters after the quarter in which the 60,000th vehicle is sold, taxpayers may claim 50 percent of the credit. For the fourth and fifth calendar quarters, taxpayers may claim 25 percent of the credit. No credit is allowed after the fifth quarter.

For more information, go to IRS website, <http://www.irs.gov/newsroom/article/0,,id=157632,00.html>.

**Hybrid Owners Exceptionally Brand Loyal****Toyota Prius**

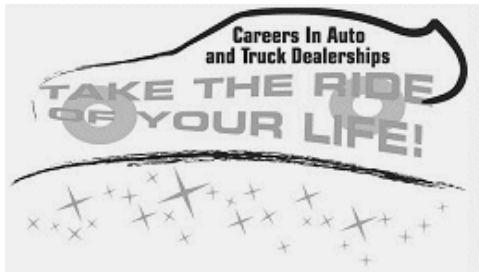
Power Information Network (PIN) data shows that owners of hybrid vehicles are among the most loyal, at both the brand and manufacturer levels, according to J.D. Power & Associates' *PIN Insights* July newsletter. "Almost three of every four Prius owners trade for another Toyota-badged vehicle, and an even higher percentage trade for another vehicle within the Toyota Motor Corp. family of brands. Both results are the highest rates among all Toyota nameplate vehicles," said *PIN Insights*.

"Owners of all three Honda-badged hybrids are more loyal than the typical Honda driver. Six of every 10 owners of the Civic Hybrid and Accord Hybrid trade for another Honda or Acura, a corporate retention rate exceeded only by owners of the Odyssey and Pilot, according to *PIN Insights*.

PIN data shows retention rates for Prius owners who trade in their hybrid for the same brand is 41.9%, while the automaker's brand-level retention rate is 74.3% and the corporation-level retention rate is 78.2%. For the Civic Hybrid owners, 30.6% trade for the same brand and 59.2% for another Honda.

## FOOTNOTES

## Plan Now for Automotive Career Month in October



Automotive Career Month is a great way of “encouraging teenagers in your community to consider dealership careers and help fill more than 100,000 job openings at dealerships around the country. Last year, dealers reported large turnouts and positive community feedback. For dealers planning to host an open house or other event during October, NADA has a how-to event kit. At [www.nada.org/careers](http://www.nada.org/careers) (click "Dealers"), you can download the kit or order a hard copy. You can also download Automotive Career

Month ads for print or for your website, or order career videos to show students, parents and educators.

In addition, **NADA has partnered with AYES during Career Month**, and each of the AYES affiliated schools will be holding a “Meeting in a Box” (MIAB) to get more dealers involved with the local AYES School at a special meeting at which the many benefits of AYES are explained to them.

“Each school will be scheduling that meeting during October to hitchhike on NADA's Career Week, and my effort will be to get them to invite their AYES School to their dealership for their NADA event,” said Richard (Ric) Glenn, manager for AYES in Metropolitan Washington and Maryland. “This program is not only for prospective technicians, but parts personnel, finance, IT, and sales,” he adds. For more information and assistance, contact Ric at (301) 730-9960, or e-mail him at [rglenn8199@aol.com](mailto:rglenn8199@aol.com).

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## Dealerships Fast and Prompt with Repair and Maintenance

J.D. Power and Associates' 2006 Service Usage and Retention Study (SURS) found 86 percent of owners who took their vehicle to a new car dealership for repairs responded that the work was “done right the first time” and 87 percent said the dealership had the vehicle ready when promised.

The study, now in its 10th year, measures customer satisfaction of vehicle owners who visit a dealer service department for maintenance or repair work during the fourth or fifth years of ownership, which typically represents the period after the manufacturer's vehicle warranty expires.

“The service department has a great impact on the entire business at the dealership,” said Jeff Zupancic, director of automotive retail research at J.D. Power and Associates. “A poor service experience may not only cause the dealership to lose future repair and maintenance business, but future vehicle sales opportunities too. Dealerships need to do a great job of satisfying customers during and after the sale in order to keep their customers coming back.”

### Staying Ahead...

*It was on my fifth birthday that Papa put his hand on my shoulder and said, 'Remember, son, if you ever need a helping hand, you'll find one at the end of your arm.'*

—Sam Levenson  
American Humorist, Author