

MD Senate Committee Adopts Title Tax Hike With Trade Difference

Dealers' Tax Proposal Gets Traction in Fast Paced Budget Session

An especially positive sign for new auto dealers in the Special Session of the Maryland General Assembly that convened last week to review taxes came from the Senate Budget and Tax Committee's favorable action on a tax package that included raising the vehicle title tax from five to six percent, net of the trade.

Although net-of-trade wasn't part of the one percent title tax increase presented by Gov. Martin O'Malley (D) in his overall proposal for the state's Transportation Trust Fund (TTF), dealers prevailed in their advocacy of net-of-trade in a critical early stage in the legislative process.

From here, the title tax increase net-of-trade must pass the full Senate, which dealer advocates are hopeful it will. The House of Delegates must then adopt it, a result which is

less certain. Word is, however, that delegates are warming up to the idea, as alternative funding proposals could take up the slack between the projected \$160 million O'Malley's

straight-up title tax hike would throw off, *vis-à-vis* the same increase net-of-trade that would yield \$80 million. MADA with WANADA's support testified

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VA. Dems. Gain Senate In Election with NoVa Legislators Poised to Head Many Major Committees

Dems. Gain In House, But Reps. Keep It

This week's elections in Virginia resulted in control of the State Senate moving from Republicans to Democrats, who will take charge of the 40 member upper chamber 21 to 19. What's more, six important Senate Committees will be chaired by Northern Virginian Democrats, with Sen. Dick Saslaw (D-Fairfax) moving ahead as Senate Majority Leader. While the Democrats picked up seats in the House of Delegates, Republicans still are in charge of the 100 member chamber, 54 to 44 and 2 (independents).

The politics of the Senate are expected to be moderate under the Democrats for the next two years, which is much the same as it was under the Republicans. The Republican controlled House, correspondingly, should remain more conservative as has been the case particularly on tax matters.

Gov. Tim Kaine (D) certainly gets a midterm lift with fellow Democrats in charge of the Senate, which he'll likely use to leverage his push for improvements in early childhood education.

The regional tax initiatives from last year to fund transportation improvements in Northern Virginia are slated to move forward, to include the applicability of sales tax to repair labor for the first time and a one percent surcharge on vehicle purchases over and above the existing three percent title tax.

Secretary of Transportation Pierce R. Homer has appointed a citizens advisory committee to work through the regulatory regime that will be assembled to implement the transportation tax initiatives.

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MONTGOMERY COUNTY LEGISLATIVE UPDATE

Montgomery County Council Tables "Dark Skies" Legislation

"Light Pollution" Legislation Would Have Cost Dealers Up to \$120,000

The Montgomery County Council last week *tabled* legislation that would have required automobile dealers to replace their outdoor lot lighting with new fixtures that limit "light pollution" which impairs the ability to see the stars in the night sky.

The so-called "dark skies" legislation would provide 5 to 7 years for Montgomery County auto dealers, shopping centers,

apartment complexes, the county government and others who use outdoor lighting to replace it with fixtures that meet the new standards. The legislation was intended to reduce "light pollution" in the night sky, save energy and prevent one property's lighting from "trespassing" onto another nearby. The chief sponsor of the legislation is Council President Marilyn Praisner.

WANADA testified against the bill and met with key council members, senior staff and business advocacy organizations to ensure they understood the enormous burden the proposal would have on dealers. One estimate suggested the cost of retrofitting a dealership with outdoor lighting that complied with the proposed law would be as high as \$120,000. With more than 50 automobile dealers in Montgomery County, the cost could surpass \$6 million.

Other organizations expressing opposition to the bill included the Montgomery County Police, whose representatives urged the Council not to reduce outdoor lighting to the point where public safety and crime prevention are compromised. The county government, while not officially opposed to the bill, said the cost of public compliance would be \$50 million.

WANADA and similar business organizations provided an array of evidence demonstrating that the legislation is too complicated, too costly and too fraught with the likelihood of unintended consequences.

After its third meeting on the matter last week, the County Council's Transportation and Environment Committee voted unanimously to hold off the legislation and create a task force to study the matter. The task force has not been established and no time frame for its implementation has been set.

Md. DEALER ALERT!

Title Tax Legislation *(Continued from page 1)*

before the joint committee tasked with reviewing the TTF portion of the governor's tax package, which was the culmination of an extensive grass roots effort in October. MADA mounted a state-wide campaign to get dealers and their people active in contacting elected representatives with the message. A number of dealers were in Annapolis last week as the Special Session launched to bring the industry's presence up close and personal to legislators.

Sam Weaver of Chevy Chase Cars was one of several who testified for MADA in his role as vice chairman of the association. A number of other dealers "worked the hallways" to talk to legislators, which proved helpful. But the single greatest utilization of dealer grass roots power was realized through the MADA website where members went to target elected representatives and get

talking points.

With the Special Session for the governor's tax plan moving quickly, but far from over, it is still *imperative* for Maryland dealers to continue communicating with legislators, especially those on the Ways and Means Committee in the House of Delegates, which is chaired by Montgomery County legislator Sheila Hixson (D).

The MADA website presents all of the information, including the compelling tax equity argument and the key "factoid" that a one percent increase in the title tax net-of-trade, raises \$80 million that isn't now in the state's coffers.

Dealers and dealership personnel are urged to keep the pressure on by acting *now*.

MADA's website is www.mdauto.org.

REGISTER ONLINE TODAY!

WANADA Annual Meeting & Luncheon

Tuesday, November 27, 2007, McLean Hilton

Featuring James Carville and Mary Matalin

Sponsored by



Sign up now for the upcoming WANADA Annual Meeting and Luncheon, which we can guarantee will be one of the most informative and entertaining events of the year for WANADA members, partners and friends.

Thanks to the generous sponsorship of AutoTrader.com, the luncheon will feature outstanding keynote speakers, media pundits James Carville and Mary Matalin, who will offer their unique perspectives of presidential politics and elections from both ends of the political spectrum.

Register online at www.wanada.org/annualmeeting or use the enclosed registration form to reserve your seat for lunch with WANADA leadership at what promises to be a memorable Annual Meeting on Nov. 27.

ADEI UPDATE: ATTENTION NoVa DEALERS

NOVA CC Auto Tech Classes to Begin in January

WANADA will hold a 16-week auto technician training class at Northern Virginia Community College's Alexandria Campus beginning in January 2008. The class will be Brakes, but could also include Suspension & Steering, as WANADA is working with the college to further expand its class offerings.

The class is perfect for aspiring vehicle technicians in fixed operations who want to pursue a career in the auto tech field. Alternatively, WANADA will recruit a potential applicant for interested dealers. Student techs add to service department productivity and profitability at a nominal cost and studies show that employees provided training tend to stay with their employer. Most importantly, the WANADA ADEI Program results in a line technician when completed.

The WANADA tech training program combines a structured classroom, shop and interactive curriculum with full time, on-the-job training. The industry created, NATEF-approved curriculum trains students for the ASE exams. Classes are taught by professional educators one day a week at NOVA's Alexandria campus. WANADA provides hands-on, regular contact with the dealer service manager, instructor and student to ensure program success.

Dealers provide student participants with a full-time job, understanding that the new employee will attend classes one full day a week (either Tuesday, Wednesday or Thursday). Tuition is a \$1,000, which includes tools - a nominal cost compared to other technician training programs.

For more information, contact Steven Arabia or Bill Belew at (202) 237-7200.

FOOT NOTES**Halloween *SoberRide* Succeeds Despite D.C. Cabbie Strike**

Despite a cab strike in the District of Columbia, the Washington Metropolitan Area's *SoberRide* program provided 281 free cab rides home to potential drunk drivers this Halloween – with over 50-percent (143) of those free cabs taking place in the District. That represents a three-percent increase from WRAP's 2006 Halloween *SoberRide*, which provided 273 rides.

"For *SoberRide*'s hours of operation this Halloween [8:00 pm to 4:00 am], this translates into the removal of a would-be drunk driver from Greater Washington's roadways better than every two minutes," said Kurt Gregory Erickson, WRAP's president.

Even in the face of D.C.'s taxi strike, WRAP prided itself on having enough contingencies in place to provide sufficient *SoberRide* coverage. These contingencies included increased staffing of its taxicab operations, dispatching rides among the nine separate cab companies it contracts to provide the anti-drunk driving service, and even reserving some sedan services on stand-by basis.

Provided by the nonprofit Washington Regional Alcohol Program (WRAP), with WANADA's long-time support, the Halloween *SoberRide* program is a critically important means of keeping area roadways safe from impaired drivers during this high-risk "holiday" period.

NADA Launches Executive Education for Dealers at Babson College

NADA and Babson College, a nationally recognized leader in professional development courses for business executives, will launch a new executive education program for automobile and truck dealer executives in March 2008. The initiative will focus on building the leadership, management and business capabilities for senior-level personnel.

"This program meets an important need by helping dealers maximize their business performance today and into the future," said NADA Chairman Dale Willey. "In the process, it will help to drive higher customer service and satisfaction for the long-term, and take running a dealership to a whole new level." The training will consist of six one-week modules, approximately three months apart, conducted on campus at the award-winning Executive Education Conference Center at Babson in Wellesley, Mass. Dealers are invited to apply to this limited-acceptance program by calling NADA at (703) 760-7574.

New DC Dealer Tags

Effective October 1, 2007 the DC Department of Motor Vehicles changed the color of the city's Dealer Tags. For more information, see the DC DMV memorandum and examples enclosed with this WANADA Bulletin.

Staying Ahead...

I don't make jokes. I just watch the government and report the facts.

-- Will Rogers

Enclosures:

- 2007 WANADA Annual Meeting & Luncheon Registration Form (Nov. 27)
- New DC Dealer Tag Notice