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Staying Ahead ...

House Democrats snub Obama's tax deal with Republicans

Senate poised to take up bipartisan measure on Monday, Dec. 13th

At this writing, House Democrats are still operating under action they took in their caucus yesterday voting against considering the deal struck by President Obama and Congressional Republicans to extend the Bush tax cuts, which are scheduled to sunset at the end of this month. This appears to be the biggest “monkey wrench” to the tax deal so far, although Democrats opposed to it say that conservative Republicans could derail the deal, too because it flies in the face of their position that any tax policy that raises the deficit must be opposed. Extending the Bush tax cuts as proposed are estimated to cost the U.S. \$857 billion.

Here is what the President and congressional Republicans agreed to:

1. A two-year extension of the Bush-era income tax cuts at all income levels
2. An extension of unemployment benefits for a year
3. A two-year increase in the estate tax exemption to \$5 million and a top rate of 35 percent.
4. A 100 percent write-off of capital investments for 2011
5. A two percentage point reduction (from 6.2% to 4.2%) in the Social Security payroll-tax
6. An extension of the Alternative Minimum Tax for 2010 and 2011, but with more middle income taxpayers excluded

Obama remains optimistic the “lame duck” Congress will pass the compromise tax package, despite House Democrats. “Nobody -- Democrat or Republican -- wants to see people's paychecks smaller on January 1 because Congress didn't act,” Obama said in an interview with National Public Radio, pointing out a silver lining to the cloud for fellow Democrats that unemployment benefits would be extended, too.

In the Senate, where Majority Leader Harry Reid (D-NV) yesterday, Dec. 9, released the first version of legislation to implement the negotiated deal, Senator Bernie Sanders (I-VT) today commenced a filibuster which mirrors the House Democrats position that the deal would improperly continue “tax breaks for the rich.” Reid says the measure will come up before the Senate Monday afternoon.

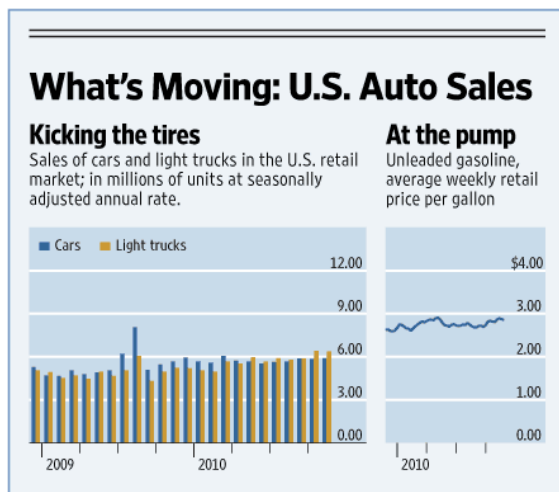
An important thing not included in the tax deal, should it survive the liberals and conservatives, is the controversial requirement that businesses furnish a 1099 reporting form to any vendor who is paid more than \$600 in a year. A part of the controversial Health Care Reform law passed earlier this year, the new 1099 requirement has been opposed by NADA and other groups representing small businesses because of the “onerous compliance and administrative burdens” it would cause.

Will Democrats back their president and Republicans back their leaders in Congress? Tune in again next week!

Analysts see steady increase in U.S. auto sales

17 million year by 2016 is possible

Car and truck sales in the U.S. are projected to grow by as much as two million units annually during the next few years, according to automotive forecasters. And, according to at least one of them, a 17 million sales year could be here as soon as 2016!



Sales will grow to 14.8 million in 2012, 16 million in 2013 and reach 17.2 million in 2016, said Michael Robinet, director of global production forecasts for HIS Automotive, a global forecasting firm. "Sales are being driven by strong vehicle pricing, financing and more available credit," Robinet said in a presentation to the Automotive Press Association in Detroit.

That forecast is in line with a similar one J.D. Power & Associates has issued for the next few years, though they are not as bullish for 2016 with a forecast of 16.6 million vehicles.

WardsAuto.com, which also tracks vehicle sales and production closely, expects a 16 percent sales increase next year for all of North America to 15.8 million cars and light trucks.

CNW Research is less sanguine, however, noting that while data it tracks on pent-up demand and floor traffic points to a strong December, other data suggests a comparatively small increase in sales for 2011. "Consumers remain jittery over the homecentric economic issues that impact their daily lives, like property, state and sales taxes that are likely to increase as communities and states struggle with huge budget deficits," the research firm says in its monthly bulletin. It is forecasting only a modest increase (10 percent) for 2011. It notes, however, that the fundamentals for sustained increases are in place, noting that the average age of a new vehicle buyer continues to decline (now less than 48 years old) while average income is up (\$65,672) and average vehicle transaction prices continue to rise (\$28,484).

House Energy and Commerce Committee to be chaired by industry champion



Rep. Fred Upton, R-MI,

Congressman Fred Upton, R-Mich., a champion of the auto industry, has been named chairman of the House Energy and Commerce Committee for the 112th Congress. The Energy and Commerce Committee is one of the most powerful committees in the House of Representatives. It has the largest non-tax jurisdiction and oversees a wide range of issues that affect the health, safety and commerce of the American people. Importantly, it is the lead committee on nearly all matters that impact the auto industry and has direct oversight of the Department of Transportation and the Environmental Protection Agency, which regulate safety, fuel economy and auto emission standards.

Rep. Upton had been the preferred chairman candidate of all the major auto industry associations. He was first elected to Congress in 1986 and most recently served as Ranking Member of the Energy and Commerce's Subcommittee on Energy and the Environment. He also has a long history as a moderate member of the House.

WANADA dental coverage expands

WANADA members taking advantage of dental insurance products offered through the association's insurance agency will get a bonus come January 1, 2011. DentaQuest, WANADA's dental provider, is expanding its list of participating dentists in the Choice PPO Network by 33%!

The expansion will make DentaQuest one of the largest networks operating in the Mid-Atlantic area with more than 4,300 dentists to choose from.



DentaQuest WANADA member employees using in-network dentist receive the following benefits:

- Participating dentists accept DentaQuest fee as payment in full
- No balance billing
- No claim forms
- Lower out-of-pocket costs
- Maximum benefits that go further

DentaQuest also offers extensive benefits for preventive services, coverage for implants, and a Maximum Rollover feature that allows employees to save unused benefits for the future.

WANADA members desirous of more information on DentaQuest, should contact the WANADA Insurance Agency at (202)-237-7200.

WANADA dealer business seminars set for 2011 Washington Auto Show

WANADA dealer members and staff will have yet another reason to visit The 2011 Washington Auto Show in the Walter E. Washington Convention Center next February because the association has arranged for a great dealer operations seminar series! Here is what is on tap:

- ❖ **Increasing profitability in Parts and Service** – with NADA’s Robert Atwood
- ❖ **Secrets to credit approval in today’s market** – with Tony Dupaquier of American Financial & Automotive Services

NADA’s Atwood is a management instructor with the National Automobile Dealers Association Dealer Candidate Academy. In addition to his regular fixed operations classes, he provides week long advanced training for experienced service managers. He has been with NADA for 14 years. Previously, Atwood operated his own automotive repair center and worked as a service manager for several of the largest metro dealers in Baltimore, Maryland.



Robert Atwood



Tony Dupaquier

Tony Dupaquier is responsible for the content, direction and marketing for American Financial’s F&I training curriculum and conducts various F&I workshops throughout the year in locations nationwide.

He has a Communications degree from Sam Houston State University and began his retail automotive career in 1990 as a salesperson in Houston, TX, and held various other positions in retail auto stores before joining AF in 2000.

The seminars will be presented on Wednesday, Feb 2, 2011 at the Walter E. Washington Convention Center.

WANADA will also present its regional “Tag and Title” seminar with DC DMV, MD MVA and VA DMV on Thursday, Feb. 3, 2011 at the Auto Show. More details on these seminars will be published shortly. For more information, please contact Kristina Henry at (202) 237-7200 or kh@wanada.org

The MADA/VADA/WANADA Reception at the NADA Convention – Feb 5, 2011

The annual MADA/VADA/WANADA Member Reception at the NADA Convention will be held at the Julia Morgan Ballroom at Merchants Exchange Building on Saturday, Feb 5. If you are planning to attend the NADA Convention in San Francisco, we hope you will join your fellow Washington area dealers for this great annual event! The ballroom and the high-floor view of San Francisco from this venue are truly spectacular!



We'll have more details shortly, but please put the date on your calendar for NADA 2011 in San Francisco.

Staying Ahead ...

Only the mediocre are always at their best.

--Jean Giraudoux

French diplomat