

VIRGINIA LEGISLATIVE UPDATE

NVTA Tax Collection Bill Passes House & Senate *Dealers Poised to Thwart Governor's Veto by Kaine*

After successfully pushing legislation through the Virginia House of Delegates and State Senate that would prevent dealers from being forced to collect locally-imposed fees and taxes such as the 1% registration fee imposed by the Northern Virginia and Hampton Roads Transportation Authorities, dealers should now prepare to resist the veto promised by Gov. Tim Kaine.

Championed by VADA, with WANADA's support, HB 649 and SB 728, would require DMV - not dealers - to collect registration fees imposed by the Northern Virginia Transportation Authority. HB 649 was passed by the House by a vote of 95-2, and SB 728 passed the Senate unopposed last Friday, 38-0.

But the fight is far from over, with governor Kaine making it clear that he will veto these bills, meaning the "game may go into extra innings."

The recent DMV changes to the collection and calculation of the NVTA fees (see box at right) only reinforces why the passage of HB 649 and SB 728 is so critical. "The confusion created by the collection itself is compounded by challenges the affected government agencies have in enacting the collection of the new fees and taxes," said VADA. "If DMV is solely responsible for the collection it will simplify and streamline the assessment and collection for consumers and dealers."

Virginia dealers are urged to rally behind this legislation by communicating with their elected representatives in the General Assembly (see the

VADA webpage, <http://dealers.vada.com/Legislative.aspx>.)

Other Bills VA Dealers Support

- **HB 372, Motor Vehicle Dealer Advertising**, would make clear that a dealer can advertise a single vehicle by stock number, whether the vehicle is used or new, without additional statement of

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VA REGULATORY UPDATE

VA DMV Announces Change to 1% NVTA Fee Collection & Calculation, Effective March 1

Calculation Now to Include Processing Fee

The Virginia Department of Motor Vehicles **T**erred when it provided guidance for the collection of the new 1% registration fee applicable to the Northern Virginia Transportation Authority.

DMV has reinterpreted the guidelines and decided to change the calculation of the fee to apply it to the sale price *and* the processing fee. This change will take effect on March 1, 2008. The on-line dealer system with DMV will begin calculating the 1% fee on the sale price plus the processing fee on that date. Through February 29th, dealers should continue collecting the 1% as originally instructed.

Dealers are advised to take care that their systems are updated so that transactions processed as of March 1 are assessed the correct amount. See examples of current and revised instructions on page 4.

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the number of vehicles available at that price. The bill was passed by the House Transportation Committee, 22-0, and is awaiting a final vote in the House.

- **HB 450, Motor Vehicle Repair Services in Transportation Authority Areas** prohibits a party to an insurance policy or service agreement from requiring or directing the owner of a vehicle garaged in a Transportation Authority area to take the vehicle outside of the Transportation Authority area for repair or service in order to avoid paying the new 5% service tax. The bill is in the House Commerce & Labor Committee.

- **HB 492, Curbstoning; Unlawful Vehicle Sales** targets "curbstoners," or unlicensed dealers who buy and sell vehicles by prohibiting the display or advertising for sale of used vehicles by a non-licensed dealer. The bill was passed by the House Transportation Committee, 22-0, and is awaiting a final vote in the House.

- **HB 579 Compensation for Collection of Sales & Use Tax** compensates dealers for collecting the sales tax on auto repairs in the Transportation Authority areas. The bill is in the House Finance Committee.

- **HB 833, Company Vehicles of Automotive Manufacturers**, provides for the use of a manufacturer license tag on the company vehicles of a manufacturer with a headquarters facility in Virginia. This legislation will apply only to the Volkswagen facility planned in No. Virginia. The bill passed the House Transportation Committee 22-0, and is now in the House Appropriations Committee. A companion bill, **SB 291**, passed the Senate Transportation Committee, 14-0, and is now in the Senate Finance Committee.

- **HB 967, Fees imposed by DMV on Vehicle Dealers**, revises the Code concerning electronic processing of DMV work by motor vehicle dealers. VADA is working with the DMV on an administrative remedy for this problem. If an agreement can be reached, this bill will be dropped.

- **HB 1176, Motor Vehicle Insurance; Payment for Repairs** prohibits insurance companies from placing arbitrary limits on the amounts they will reimburse repair facilities for the paint used in a repair. This legislation is supported heavily by the auto body industry. The bill passed the House Commerce and Labor Committee, 22-0.

- **SB 607, Definitions; Towing and Recovery Operator**, excludes franchised motor vehicle dealers from the definition of "towing and recovery operator" when transporting a vehicle to or from a repair facility owned by the dealer or when transporting a vehicle in which the dealer has an ownership or security interest. The bill passed the Senate Transportation Committee 15-0, and is up for a final vote in the Senate.

Bills Problematic for VA Dealers

- **HB 1201, Motor Vehicle Dealer Board**, was killed in House Transportation Subcommittee. It would have moved the functions of the Motor Vehicle Dealer Board to the Department of Motor Vehicles, which would have control of dealer provided funds, budget and staffing of the board.

- **SB 526, Vehicle Safety Inspections**, requires vehicle safety inspections every 24 months instead of every 12 months and increases the maximum allowable fee for most vehicles from \$16 to \$20. It will be carried over until 2009 and will not become law this year.

Virginia dealers are also closely watching several measures to allow consumers to freeze access to their credit files, as well as a one-year extension of the exemption to the HOV passenger restrictions for hybrid vehicles with clean fuel plates which expires on July 1, 2008.

MD LEGISLATIVE UPDATE

MD Dealers Enjoy Relatively Quiet Session--So Far...

Bills Taking Shape

With major budget and tax fights settled in last fall's Special Session of the Maryland General Assembly, legislators in the current regular session have taken on a decidedly more civil tone. For Maryland dealers, a major victory came last fall when they achieved a long sought after trade difference allowance on the title tax. For this session, bills affecting dealers are still taking shape and appear to have less potential negatively impact business.

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VA MVDB REPORT

Members Oppose Gov. Kaine's Proposal to Return MVDB to DMV

The main event of last month's meeting of the Virginia Motor Vehicle Dealer Board (MVDB) was a presentation from the assistant director of transportation to attempt to justify Governor Timothy Kaine's proposal in his 2008 budget bill to eliminate the independence of the Motor Vehicle Dealer Board and return its supervision to the Department of Motor Vehicles.

A number of MVDB members raised serious questions concerning the proposal, particularly the suggestion that the changes would allow the MVDB to take advantage of certain efficiencies while maintaining service to the dealer community. The members noted that the MVDB is extremely efficient, overseeing 4,000 Virginia dealers with only 24 employees. MVDB is financially self-sufficient and has generated significant surpluses, including over \$4 million that the state has taken to the general fund to offset budget shortfalls.

Dealers and salespeople are able to obtain licenses in a matter of days instead of the months it used to take when the functions were with the DMV. Many dealer members of the MVDB

pointed out that they have spent many hours volunteering their time to successfully oversee the industry and are concerned by the lack of respect for the industry that the proposal reflects.

MVDB passed a resolution unanimously to oppose the governor's legislation and to have the executive director take all steps necessary to present to the General Assembly the position of the Motor Vehicle Dealer Board that it should remain independent.

In addition to the above resolution, MVDB voted to support a bill allowing new motor vehicle dealers to **advertise the limited availability of a vehicle** simply by listing its stock number, and granting greater power to zoning officials to stop "curbstoning" activities.

MVDB announced formation of a task force to determine how the **dealer licensing statutes** and procedures can be tightened. Several MVDB members are concerned that wholesalers are operating under licenses of other dealers without adequate control. The task force has been charged with determining methods by which to control the practice of wholesalers.

MARYLAND LEGISLATIVE UPDATE *(Continued from page 2)*

MADA, with WANADA's support, is developing legislation that would improve franchise law by shoring up standards for incentive audits and making incentive programs fair and reasonable. Former WANADA Chairman Jack Fitzgerald is the driving force on this amendment, which will be covered in more detail when the proposal is finalized.

MADA also testified successfully before the House Ways and Means Committee against including an "Energy Efficiency Tax Credit and Surcharge Act" in a larger greenhouse gas bill. The proposal, which would offer tax credits for fuel efficient vehicles and impose a surcharge on less efficient vehicles (like trucks and SUVs), was removed from the bill when it was shown to be a bad idea.

Maryland dealers are closely watching the proposed repeal of the computer services tax, because of its potentially damaging impact on dealer services *and* the lost public revenue that would

inevitably need to be made up on the backs of others, such as those in the auto industry.

Legislators are also beginning to examine advertising practices following a recent settlement between Massachusetts car dealers and the attorney general there concerning the use of price and small print disclaimers. Dealers are advised to pay close attention to advertising practices as it is becoming a hot button issue again with plaintiffs' bar.

There have been a number of bills introduced dealing with a wide range of vehicle, environmental, safety and regulatory issues, too. The WANADA Bulletin will report on these as they pop up and more information is available.



2008 WASHINGTON AUTO SHOW POSTSCRIPT

WAS Prize Vehicle Winners "Take Delivery"

It's always a joyful highlight of The Washington Auto Show (WAS) when the keys are handed over to the lucky and/skilled winners of the numerous vehicle prize contests, raffles and promotions. The 2008 WAS featured a dozen vehicle giveaways. What follows are the first "vehicle deliveries", with more to be finalized and reported here later.



The Shelby Mustang Raffle (above, left) at the WAS Congressional Gala went to Carolyn Shackleford, a Victims Rights supporter, seen here getting the keys (Pictured from left to right Chip Doetsch, Apple Ford; Bradley Jones, Ford Motor Company; and George Doetsch.) *Dancing with Toyotas* winner Monique Lyons (center), receives the keys to her brand new Prius from DARCARS Toyota general manager Steve Farley. *Dancing* contest winner Teresita Bantug plies her winning ways with DARCARS sales manager Wayne Ramsaran as she takes the keys to a new Camry. Pictured to the right (from left) Fairfax Hyundai President Sam Mansouri presents keys for a new Sonata to *Price is Right* winner Barry Scher of Giant Food notoriety, and son Richard.



Current and Revised Instructions for NVT A Fee Collection (Continued from page 1)

Current Instructions

From now through February 29th for the NVT A:

Collect 1% registration fee on the sale price of the vehicle.

Ex.: Vehicle cost = \$25,000

Processing Fee = \$300

Amount to Collect for NVT A = \$250 (\$25,000 times 1%)

Revised Instructions

Beginning March 1st for the NVT A:

Collect 1% registration fee on the sale price of the vehicle PLUS any processing fee you charge.

Ex.: Vehicle cost = \$25,000

Processing Fee = \$300

Amount to Collect for NVT A = \$253 (\$25,300 times 1%)

Important Notice: Changes to Membership Directory

A new WANADA membership directory is scheduled to be published this spring. Member who need to verify listing or make any changes, should contact Bill Belew at (202) 237-7200 x17.

Thought for the Week...

I don't understand why Cupid was chosen to represent Valentine's Day. When I think about romance, the last thing on my mind is a short, chubby toddler coming at me with a weapon.

(Romantic Unknown)