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

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LEGISLATIVE UPDATE:

Landmark Victory for Dealers:

Congress Passes, President Signs Class Action Bill

Auto dealers, along with most other American businesses, scored a landmark victory last Friday when President Bush signed the Class Action Fairness Act, which aims to discourage multi-million-dollar class-action lawsuits by having federal judges take them away from state courts.

"This bill helps fix the system. Congress has done its duty," Bush said at his first bill signing ceremony this year. "We're making important progress toward a better legal system," he said. "There's more to do. ... We have a responsibility to confront frivolous lawsuits head-on."

In remarkably fast lawmaking, the Senate, which has thwarted efforts to reform class action lawsuits for the past decade, started the ball rolling by voting 72-26 to pass the bill. The House quickly followed suit with a 279-149 vote on Thursday, and the president promptly signed the measure the next day.

Strongly supported by NADA and AIADA, the legislation calls for class-action suits seeking $5 million or more to be heard in state court only if the primary defendant and more than one-third of the plaintiffs are from the same state. But if fewer than one-third of the plaintiffs are from the same state as the primary defendant, and more than $5 million is at stake, the case would go to federal court, historically less friendly toward such cases.

The bill also limits lawyers' fees in so-called coupon settlements – when plaintiffs get discounts on products instead of financial settlements – by linking the fees to the coupon's redemption rate or the actual hours spent working on a case. However, the new measure *does not* to apply to suits already in the courts.

Advocates said the measure would reduce lawyers' forum-shopping for state courts with track records of big settlements. "The class action bill is a strong step forward in our efforts to reform the litigation system and keep America the best place in the world to do business," Bush said in a statement.

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Inside…

MD SUV Surcharge Bill Defeated

But Other Dealer Unfriendly Bills Introduced

Thanks to a barrage of e-mails, telephone calls and visits from dealers, the bill introduced by Maryland Delegate William A. Bronrott (D-Montgomery) last week, which would have punished owners of SUVs over 6,000 pounds by requiring them to pay a surcharge of $750 each year on top of the registration fee already required by the state of Maryland, was killed two days after it received a public hearing in the Maryland House Environmental Matters Committee.

Still, the Maryland measure was the second regional assault on big SUV owners. The D.C. Council decided in December to raise excise taxes on SUVs exceeding 5,000 pounds and to raise registration renewal fees by $40, according to *The Washington Post*. The tax will go up 1 percentage point next year, which will cost the owner of a $60,000 SUV about $600 more.

Despite the big legislative victory in Maryland, MNCTDA, with WANADA's full support,

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STATE LEGISLATIVE UPDATE

VDOT Recommends Allowing Hybrid HOV Access to Expire

In effect since 2000, the Virginia law allowing single occupancy drivers of gas-electric hybrid vehicles unrestricted access to HOV lanes has been a major incentive for buyers in gridlocked Northern Virginia. But based on new data collected by the Virginia Department of Transportation, both VDOT and the Virginia Department of Environmental Quality are recommending to state lawmakers that they let the law expire in July 2006. VDOT said that hybrid use more than tripled in a six-month period in 2004, and has simultaneously pushed overall HOV lane volume past the recommended capacity. Hybrids now account for 18 percent of total traffic, according to the VDOT report.

In its newsletter, Dealer Talk, the Virginia Motor Vehicle Dealer Board says the hybrid exemption from HOV restrictions is unlikely to be extended. MVDB warns dealers that, "This exemption from HOV restrictions needs to be fully understood and accurately conveyed to dealer customers," and adds, "It is the dealer's responsibility to ensure that your sales staff understands these critical points and convey them accurately to customers."

Currently, Virginia is the only state that allows hybrids in HOV lanes, though there are several states waiting for federal approval to implement similar laws. A federal exemption law is in the works that would allow states to implement their own policy on a case-by-case basis.

MD Bills *(Continued from page 1)*

will have its hands full trying to kill the following dealer "unfriendly" bills recently introduced:

- **HB 564/SB 366 (Del. Bobo & Sen. Grosfeld).** Requires Maryland to adopt the California emissions standards and implement them by the year 2009. Dealers and automakers have been actively fighting this bill since the start of session.
- **HB 1201 (Del. Bobo).** Requires motor vehicle dealers to make a separate disclosure to their customers on the financing obtained. This bill also caps the financing profit for dealers at $150 or 1.5%.

While the bills listed above present big problems for Maryland dealers, other legislation has been introduced that the dealer organizations will endorse. These bills include:

- **HB 927 (Del. Meyers).** Decentralizes vehicle emission testing and allows dealerships and service stations to conduct the emissions testing.
- **HB 410 (Del. Moe).** Requires Maryland emissions testing to be conducted statewide.
- **HB 1257/SB 562 (Del. Malone & Sen. Ruben).** Establishes a task force to study the applicability of annual vehicle inspections similar to the inspection program in Pennsylvania, West Virginia and Virginia.
- **HB 387 (Del. Conroy).** Alters the total vehicle purchase price to include the value of a trade-in credit. Without a one percent vehicle excise tax increase, the legislation isn't apt to go anywhere. The dealer organization is working on a compromise with the legislature and the governor's office.

Class Action Reform

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NADA, which was part of the business coalition that fought for the bill, offered thanks "to the many dealers who have lobbied their Congressional representatives on behalf of this bill, and especially for the targeted efforts of the past two weeks."

AIADA issued a press release that said: "America's 10,000 international nameplate auto dealers applaud Senate and House passage of class action reform legislation, and we are particularly heartened by the strong bipartisan support this important legislation received in both chambers.

"Congress today took an important first step toward repairing a legal system that has lost its way. Frivolous litigation imposes an enormous cost on auto dealers -- and that burden ultimately results in less business expansion, fewer new jobs and higher prices for consumers," said AIADA.

DEALERS IN THE SPOTLIGHT

Ford President Attends Cowles Parkway Grand Opening

Stephen Lyons, president of the Ford Division of Ford Motor Company, was on hand last week for the grand opening of Cowles Parkway Ford in Woodbridge, VA, which is the Mid-Atlantic region's largest Ford dealership. Lyons, who was instrumental in helping Cowles build the dealership, praised the creativity and ideas that went into the production of the state-of-the-art facility, and congratulated the Cowles Parkway staff for being the 77th most successful Ford dealer in the United States among Ford's 3,800 dealers.

Pictured here, left to right, at the grand opening are John Jenkins, Prince William County Board of Supervisors; Monty Cowles, vice president of Cowles Parkway Ford; Stephen Lyons; president of the Ford Division of Ford Motor Company; and Steven Cowles, president of Cowles Parkway Ford.

Beyer Volvo Appeals to "Literary" Customers

For those that missed the article, "Literary Motorists On a Tour de Force," in the Feb. 13, 2005 Washington Post, let us recount a unique customer appreciation event: a reading by Pulitzer Prize winning author Edward P. Jones at Don Beyer Volvo in Falls Church, VA. With white chairs replacing new models on the showroom floor, Beyer's highbrow Volvo customers (high education/income demographics) were treated to a glass of chardonnay and a reading from "The Known World," Jones' novel about slave owners in Virginia.

"Customer response was phenomenal," said co-owner Mike Beyer. "We only advertised it via e-mail, and we got bombarded with requests." Despite Jones' healthy fee, Beyer said, "We definitely got our money's worth. We have been talking about doing this for 10 years and we were very pleased with the results. We are now looking to line up other authors for future events."

Julie Zetlin is Top Ranked Junior Rhythmic Gymnast in the USA

Morty Zetlin of the American Service Center in Arlington, VA, recently told the WANADA Bulletin of the latest accomplishments of his talented granddaughter, Julie Zetlin, who took top honors in the USA Gymnastics Rhythmic Challenge held in Colorado Springs, CO, Feb. 13, and is now the number one ranked Junior Rhythmic Gymnast in the USA. A freshman at Walt Whitman High School in Bethesda, Julie is the daughter of Mark and Zsuzsi Zetlin, a former national champion gymnast herself.

Rhythmic gymnastics, performed to music, combines dance and gymnastics movements with apparatus such as a ribbon, a rope, a ball, clubs or a hoop. Julie, who also won the Capital Challenge International Invitational in January, says her sport more closely resembles ballet or figure skating than the better-known artistic gymnastic sports. But that doesn't mean it's easy. Zsuzsi says Julie practices about six hours every day and has been competing since age 4. With reliable family sources, the WANADA Bulletin will keep you informed on Julie's remarkable gymnastic career.

FOOTNOTES

XM Satellite Radio Hosts WAPA Tour

Left, WAPA group on tour and, above, XM's huge rooftop satellite dish at its DC headquarters.

Headquartered in D.C. and with over 50% of its booming sales coming from automakers and dealers, it was only natural for XM Satellite Radio to invite the Washington Automotive Press Association in for a tour of XM's impressive facilities. Chance Patterson, XM's vice president for corporate affairs, pointed out that GM, Honda and Toyota are now partnered with XM, with several other major automakers in the works. Very pleased with XM's partnership with The Washington Auto Show, Patterson said that the WANADA marketing strategy is viable and could work elsewhere.

Patterson said XM is expanding rapidly, with 3.2 million subscribers currently on board. He expects to have 5.5 million by the end of the year, and 20 million by the end of the decade. One reason for this success is XM's amazing 99% retention rate among annual renewals. XM currently has 157 music, talk, traffic and weather channels, plus a new NavTraffic navigation system that tracks up-to-the-minute traffic jams and road construction.

Reminder: All WANADA Benefit Programs Offer Online Benefits

In their quest for new business, some insurance brokers are self promoting the notion of "new" or "unique" online benefit services. As a matter of fact, these are not new. WANADA has had this web-based Internet capability for the past three years, which some dealers have opted for and some have not. This is a value-added service available to any WANADA insurance client which allows the dealership to enroll or cancel employees, look up bills online, verify existing benefits online, and more. In most cases, there is no charge for this online service, which is secure and available 24 hours a day.

"WANADA employee benefit programs have always had state-of-the-art solutions, and will continue to be ahead of the curve," says WANADA Executive Vice President John O'Donnell. "Any dealer client with questions concerning their online access to any of our insurance products should contact me at WANADA, (202) 237-7200, e-mail: JOD@wanada.org.

Thought for the Week:

To the memory of the man, first in war, first in peace, first in the hearts of his countrymen.

—Henry (Light-Horse Harry) Lee

Eulogizing his late friend George Washington
December, 1799