

**STATE LEGISLATIVE UPDATE**

## VA. Trans. Package Not Harmful To Vehicle Sales; California Car Legislation Passes in Maryland

### Virginia: Regular Session Completed

It went down to the wire, but when the final tally was in, it was the anti-tax conservatives in the House of Delegates who prevailed on a controversial **transportation funding bill** that passed on the last day of the 2007 Virginia General Assembly. By a vote of 64 to 34 in the House and 21 to 18 in the Senate, the bill calls for improvements in roads and mass transit using \$2.5 billion in bonds paid back from the state's general fund.

Rejected in a conference committee, however, was a Senate proposal for a one-time, state-wide \$150 auto registration fee and a regional 1% increase in vehicle sales taxes – measures opposed by VADA with WANADA's support.

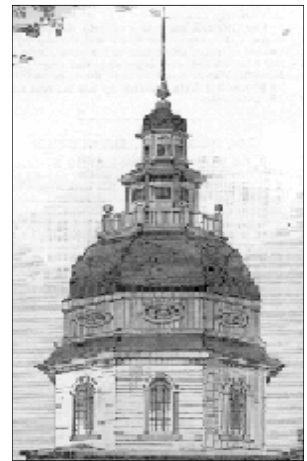
As passed last Saturday, the plan would raise auto registration fees by \$10 and increase fines for bad drivers and registration fees for heavy trucks. It also gives government officials in Northern Virginia and Hampton Roads permission to raise taxes and fees – such as increased rental car fees, commercial real estate taxes, driver's license fees and hotel taxes – to create a pool of transportation funding that would not be shared with the rest of the state.

But in politics, of course, it ain't over 'til it's over... Gov. Timothy M. Kaine (D), who

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### Maryland Grinds On Until April

Despite a vigorous campaign of media presentations, lobbying and testimony by Maryland dealers and auto-makers, the **Maryland "Clean Car Act" of 2007 (SB 51 and HB 44)** was passed quickly and overwhelmingly by the Maryland General Assembly on the way to becoming a law that mandates California Car emission standards for 2010 model vehicles sold in Maryland.



A top priority issue for dealers in this year's 90-day legislative session (due to end April 9), the Clean Car Act was approved by the House of Delegates last week by a vote of 122 to 16. The Senate followed suit with a vote of 38 to 9, and Gov. Martin O'Malley (D) has pledged to sign the legislation.

In a partial victory for dealers, however, the Senate bill contains a provision that would establish a **Commission on Maryland's Energy Future**—a measure strongly backed by Maryland dealers and championed by WANADA Chairman Jack Fitzgerald.

A separate bill, **SB 333**, sponsored by Senators Brian Frosh and Jennie Forehand, also calls for the creation of an energy commission to study all of the state's energy needs and is still under consideration by the Senate. MADA, with

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## Virginia

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strongly opposed using general funds for transportation, said he plans to make “significant changes” to the bill before signing it. Lawmakers will consider those changes in a one-day session April 4. If they do not go along with them, Kaine can veto the entire bill, resulting in another year of deadlock on the transportation issue.

That’s not likely, however, in an election year. But stay tuned.

### Other Important Measures for VA Dealers

Included in some 900 bills that passed the legislature and are awaiting the governor’s signature were the following bills marshaled by VADA with WANADA’s support.

- **HB 2409** prohibits manufacturer surcharges for dealers who seek to obtain retail reimbursement for parts and service work and prevents collection of a chargeback until a dealer has a chance to appeal to the department of motor vehicles.
- **HB 1848** provides standing for a contract buyer of a motor vehicle dealership to sue a manufacturer or a distributor for damages if the manufacturer or distributor improperly refuses to grant approval of a buy/sell or imposes improper conditions on a buy/sell that lead to cancellation of a transaction.
- **HB 2070** was principally championed by the F&I service companies with JM&A being its main proponent. The measure allows F&I personnel, employed by F&I service companies, to obtain a salesperson license, even if they are not employed by a particular dealership, which corrects a problem that arose from legislation last year.
- **HB 2316** is a franchise bill that clarifies the definition of coercion, broadening it from the current definition of a threat to terminate a dealer agreement. The bill also mandates repurchase of certain inventories and assets, should a dealer termination occur.
- **HB 1779** provides significant limitations to the right of consumers to recover damages from the Transaction Recovery Fund and ensures that attorney fees sought by claimants are justified.

Virginia dealers also were benefited by some bills that did not pass. For example, **HB 1929**, which called for substantial fees from owners of abandoned vehicles, failed to gain passage.

WANADA salutes VADA on a successful legislative session.

## Maryland

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WANADA’s support, will continue to aggressively advocate the commission to both legislators and the media. “We will be involved every step of the way,” said MADA President Peter Kitzmiller.

Automakers and dealers testified that California emission requirements would raise vehicle prices and reduce choices for consumers, resulting in fewer sport-utility and other large vehicles. The industry also noted that new Cal cars are no “cleaner” than new federal vehicles. But the momentum for passing an environmental law- *any* environmental law-proved irresistible in this legislative session.

### Closely Watched Bills

Maryland dealers are also watching a number of potentially troublesome bills. For example:

- **SB 640, Motor Vehicle Manufacturers - Warranty Adjustment Programs**, would require automakers to notify consumers of specified adjustment programs (“hidden warranties”) and reimburse them for specified repairs.
- **SB 707, Consumer Access to Replacement Key Information**, advocated again by AAA, would require manufacturers to provide specified replacement key information to registered locksmiths 24 hours a day and 7 days a week.
- **HB 448, Sales and Use Tax – Services**, would alter the definition of “taxable service” under the sales and use tax to impose the tax on specified services, including taxing vehicle service *and* advertising.
- **HB 761, Vehicle Excise Tax – Rate, calls for an increase in** the vehicle excise tax rate for motor vehicles, trailers, and semi-trailers from 5% to 6% of the fair market value of the vehicle.
- **HB 888, Used Motor Vehicle Warranty Enforcement Act**, is essentially a used car lemon law that would prohibit dealers from selling a used motor vehicle to a consumer without providing a written warranty for specified warranty periods.

For the latest updates and alerts on Maryland legislation as well as links to all federal, state and *local* lawmakers, dealers can check the “Maryland Legislative Action” site on MADA’s website, [mdauto.org](http://mdauto.org).

**NADA MONTHLY DEALER OPERATIONS COMMENTARY**

## Creating an Energy-Efficient Dealership

One way to learn about potential energy efficiency improvements is from industry peers. Such success stories can reveal details of the work, time, and investment involved and the improvements achieved.

Evidence of the potential for dealership energy efficiency improvements is a Virginia Acura, Lexus and Chevrolet dealership, visited in conjunction with the development of an NADA guide referenced below. The sprawling automobile campus has three dealerships and a number of service buildings adding up to a quarter million square feet of space, not including an off-site collision repair center.

The successes achieved at this facility were made possible due to the efforts of the dealership group's facility manager, with the support of the dealer-owners. Many energy efficiency improvement opportunities have been taken advantage of, within the constraints of the franchisors' design specifications. Various dealership personnel are involved in the improvements, as are several outside product and service providers, including lighting professionals. Some of the improvements include:

- Building Shell—A master switch that shuts down the entire facility at closing, except for select security lighting.
- Showrooms—Metal halide lamps in areas with high ceilings
- Parts/Service Areas—Suspended and looped compressed air-distribution systems
- Vehicle Washing/Detailing Areas—Greater than 50 percent water reclamation
- Dealership Lot/Building Exteriors—Exterior lighting incorporating photocells to reduce day burning
- Body Shop—T5HO lighting for the bodywork examination area.

To achieve similar results, consider contacting appropriate professionals to review or energy audit your facilities for potential energy savings.

Many opportunities exist for cost-effective energy efficiency upgrades at dealership facilities. In addition, even more fruitful opportunities exist for dealerships involved in new construction or major facility renovations. These opportunities will only become more numerous and attractive in the future as energy costs increase, and new technologies and strategies become available.

For more information, refer to *A Dealer Guide to Energy Star® Putting Energy into Profits* (BM31).

This can be ordered online at [www.nada.org/mecatalog](http://www.nada.org/mecatalog) or by calling NADA at 800-252-NADA, ext 2.

Contact the ENERGY STAR® Small Business Network at 1-888-STAR-YES or <http://www.eTiergystar.gov/smallbiz>.

[www.eTiergystar.gov/smallbiz](http://www.eTiergystar.gov/smallbiz).

## Energy-Efficient Dealerships Can Earn *USA Today* Dealer Innovation Award and National Publicity

**Saving energy and dollars at your dealership can earn you a NADA/*USA Today* Dealer Innovation Award. The grand winner and three runners-up will be recognized in a full-page ad in *USA Today*. The grand winner will also receive a trip to New York to receive the award at the annual Morgan Stanley Global Automotive Awards Dinner, held in conjunction with the New York International Auto Show, April 4. The deadline for entries is March 5, so enter now. For energy-saving ideas, visit <http://www.energystar.gov> and see NADA's "A Dealer Guide to Energy Star: Putting Energy into Profits," mailed to all association members in early 2006.**

**NADA LEGAL REMINDER****Secure Customer Information Sent Over the Internet!**

NADA has received reports that the Federal Trade Commission (FTC) is investigating whether a dealership that obtained on-line credit applications on a secure portion of its website failed to secure the personal information it contained by allegedly e-mailing it to others in unencrypted text. This serves as an important reminder that the FTC Safeguards Rule requires dealers to protect not just customer information that physically is maintained within the dealership, but also customer information that dealers “access, collect, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle...”

Dealers should consult NADA’s *Dealer Guide to Safeguarding Customer Information* for guidance in each of these areas.

With regard to the transmission of customer credit applications over the Internet, NADA advises dealers to “ensure that the program application you use encrypts the data or otherwise transmits it in a secure manner to the bank of the finance company. If you are submitting the customer’s application over the Internet, you should ensure that the information displayed on your computer screen is not visible to others who are not authorized to have access to this information.”

Dealers also should consult the FTC’s recently updated publication entitled *Financial Institutions and Customer Information: Complying with the Safeguards Rule*, which was distributed by an FTC lawyer at the 2007 NADA Convention’s Federal Agency Outreach Pavilion and is available at: [www.ftc.gov/bcp/online/pubs/buspubs/safeguards.pdf](http://www.ftc.gov/bcp/online/pubs/buspubs/safeguards.pdf).

**Alert: Burglar Suspect at Rockville Dealerships**

Montgomery County police have notified WANADA of a man they believe has been burglarizing dealerships in the Rockville area during business hours. Temporary tags and various articles of personal property have been reported missing so far. Identify theft is a theory of one victimized dealer who said the suspect was after F & I.

The individual is described as a black male, 40-50 years of age, weighting 200-250 lbs., about 6ft. tall. If seen, police discourage confrontation, suggesting citizens get a vehicle tag number prior to phoning police at 911.

The Montgomery County police case number is R07-007172. The MCP investigator is officer Kari Hart at (240) 876-8478. MCP’s Investigative Division on the case can be reached at (240) 773-6084.

A MCP poster is enclosed

**BCC Rotary Donates Another \$2,000 to WANADA Tech Trainee**

Continuing its strong support for WANADA’s Technician Training program, the Bethesda Chevy Chase Rotary Club presented a check for \$2000 to Francisco Pineda, a WANADA apprentice at Curtis Chevrolet-Kia, for the purchase of tools. This is the second year BCC Rotary has supported WANADA apprentices.

Pictured here, from the left, are Rotarians Steuart Martens and John Bowis; Archie Avedisian and Wil Desjardins both of WANADA; and Ken Snyder of Curtis Chevrolet-Kia with Francisco Pineda.

**Thought for the week...**

*Man is the only animal that laughs and has a state legislature.*

—Samuel Butler