



THE WANADA BULLETIN

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

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DC DMV's used car value calculator for title tax, eff. Mar. 1

Regulators from DC DMV announced at The Washington Auto Show regional motor vehicle law seminar for WANADA members recently that they were moving forward with an automated approach to determining title tax on used vehicles retailed by dealers to DC residents. As explained, and now up on its website, DC DMV has devised a calculator utilizing used car values from the NADA Used Car Guide, Eastern U.S. edition, that will become the agency's reference for determining if the used car sale by a dealer has had the DC title tax computed correctly.

The DC DMV spokesman at the Auto Show emphasized that the NADA Used Car Guide value will prevail with them, even when the actual used vehicle sale price proves *less* than the NADA value. So besides the longstanding vehicle weight variable with DC -- which determines whether title tax is 6 or 8% -- the NADA Used Car Guide value will need to be factored in, *effective March 1, 2015*.

Area dealers earlier this month giving the DC title tax calculator a test run couldn't get through because the access coordinates were incorrect. That has since been fixed; [click here](#) to access the DC DMV calculator. Another retailer concern was how the selling dealer would be able to document that they utilized the tax calculator for the customer and ultimately the deal jacket. Here, it is a matter of printing the page after the calculation is complete that displays the VIN number, vehicle model, odometer and total excise tax amount.

WANADA is planning a meeting with DC DMV director Lucinda Babers and her staff in the near future to discuss the tax calculator and other areas where the dealers can be helpful to the agency and where the agency can be helpful to the dealers.

WANADA dealers should take care that all title processing staff are familiar with this new arrangement in DC. Anyone with questions in the interim can contact Joe Koch in the WANADA office at 202-237-7200, or jk@wanada.org.

Va. Vehicle Dealer Board has temporary ad enforcement regs

The Virginia Motor Vehicle Dealer Board staff has developed recommendations for enforcing regulations on dealer advertising of prices reflecting factory incentives and rebates. The recommendations and related enforcement will be in effect until the March MVDB meeting, when the full Board will take up the question.

The regulations came out of a meeting late last month between the MVDB and interested parties. Dealers had been confused about what they saw as differences between the positions of the MVDB and the Federal Trade Commission.

An advertised price must reflect only rebates and incentives available to everyone. Other limited rebates and incentives can then be shown as deductions, with a final price shown after the math.

An example:

MSRP	\$30,000
Dealer discount	2,000
<u>College grad rebate*</u>	<u>1,000</u>
Price to you	\$27,000

Another example:

Price	\$28,000
<u>College grad rebate*</u>	<u>1,000</u>
Price to you	\$27,000

In each example, the qualifications for the limited rebate would have to be clearly and conspicuously disclosed so that a reader would understand what is necessary to qualify.

In the second example, the initial price could be achieved through a discount available to all, other rebates available to all, and a factory financing captive incentive available to customers who finance with the factory captive. The factors leading to the initial price should be clearly and conspicuously disclosed.

It was generally agreed that all limitations and qualifications for all offers must be disclosed. Disclaimers such as “Not all customers will qualify for this price” will not be acceptable.

As for enforcement, Board staff said it will follow the process adopted in the last MVDB meeting: There will be one written warning to a dealer using improper price advertising resulting from incentives and rebates before imposition of civil penalties.

Board staff said that under the Freedom of Information Act, as interpreted by its legal advisors, it must provide a copy of any written complaint identifying the complainant if a request is filed. However, the Board will also accept and take action on anonymous complaints.

MVDB said it will work to provide more information about its policy and any educational warnings sent to dealers, and it will continue to notify dealers of the policy in its newsletter.

Md. Gov. Hogan offers plan to cut ‘rain tax,’ gas tax



Gov. Hogan’s transportation funding bill would cut the automatic annual increase in the gas tax based on inflation.

Maryland Governor Larry Hogan is working to carry out his campaign pledge to cut taxes, starting with the stormwater remediation fee that requires Maryland’s largest counties to charge fees on impervious surfaces to pay for stormwater cleanup, which opponents have dubbed the rain tax.

Hogan has introduced a bill to repeal the fee. But even if it passes the Democrat-controlled state legislature – a big if – eliminating a tax created in response to a federal mandate is not so simple. Federal law requires that the state come up with a way to raise money to pay for cleanup of the Chesapeake Bay, and counties had asked the state legislature for specific requirements. In 2017, those counties will have to

show what they have done to meet the federal mandate.

A court decision has already made the fees optional. A recent *Washington Post*/University of Maryland poll found that 65 percent of residents support reducing the fee. Baltimore County has already reduced its fee, and Harford County has repealed its fee.

Governor Hogan also wants to repeal a planned increase in the gas tax passed in 2013 as part of a transportation funding package. Under the current plan, the tax would automatically rise each year in line with inflation, and Hogan’s proposed transportation budget would eliminate that increase.



Gov. Hogan’s proposed transportation budget cuts nearly \$3 billion from road and transit projects.

The transportation bill overall cuts nearly \$3 billion from road and transit projects, according to the *Washington Post*. The state’s highways and bridges are greatly in need of repair and replacement, and some lawmakers say the governor’s budget would put Metro’s Purple line at risk.

State Senate President Thomas V. Mike Miller Jr. told the *Post* that Hogan’s transportation budget would never pass the Senate.

MD dealers advocate for MVA advisory committee

Both MADA and WANADA support creation of a motor vehicle advisory committee, to the Motor Vehicle Administration administrator that could act as precursor to a full motor vehicle dealer board like the ones in Virginia and other states. It would meet periodically to advise MVA regulators on the practical aspects of dealership operations in the context of MVA laws. The dealer groups anticipate that the dealer board will be up and running by the spring.

NADA Dealership Workforce Study open

The fourth annual NADA Dealership Workforce Study (DWS) is now open for participation at www.nadaworkforcestudy.com. Designed to help dealers address their number one challenge – attracting and keeping the best employees – the DWS collects data on compensation, employee benefits, retention and turnover, work schedules and hours of operation, and reports on these points as well as demographics such as the gender and generational gaps in the dealership workforce.

Participation, which involves completing a survey and uploading payroll data, is free and open only to NADA and ATD members. Participants receive two complimentary reports – a customized report comparing their own dealership's data against aggregated data from peers in their region and the nation and an overall analysis of the industry and data for each region of the country.

WANADA members are strongly encouraged to participate. The greater the participation, the more valid the data, and the more useful to dealers.

Used car values forecast to depreciate faster in 2015

Used car values will likely depreciate at a faster rate in 2015 than they have in the past three years, says a new report by Black Book and Fitch Ratings. The faster depreciation would result from a higher volume of used cars and an increase in off-lease vehicles.

The annual depreciation rate on two-to six-year-old vehicles was 12.1 percent in 2014, but is expected to rise to 14.5 percent in 2015. In 2011, a strong year for used vehicle values because of limited production and low inventory, annual depreciation was just 7.7 percent.

As depreciation rises, residual values for leases could fall, which could cause the monthly cost of a lease to rise, says Fitch.

Pricewaterhouse: Auto sales unlikely to keep rising every year



PwC warns that the good times won't last forever.

A PricewaterhouseCoopers (PwC) analysis looks at the case for and against auto sales rising every year and concludes that a decline is likely in future years, and the industry should be prepared.

The case for a continued annual increase in sales: "It could logically be argued that with sales just finally recovering in 2014 that we could be poised for further additional growth in the coming years, due to the overall severity of the last recession." With the four-year decline in auto sales the longest since 1982, the recovery could be correspondingly long, perhaps five to six years.

On the other hand, no one knows yet the long-term effect of baby boomers retiring in large numbers and whether millennials will take their place as major drivers of auto sales. On a more immediate note, the

Fed has indicated it could raise interest rates in 2015, which could dampen auto sales. Now that the used car supply has increased, used car prices and leasing residuals will likely fall (see

preceding story). Those factors could make it harder for consumers to lease new cars, and leasing is now at a record 30 percent of new-vehicle financing.

PwC's conclusion: "The prospects of the U.S. continuing to grow on infinitely are unlikely and a decline in U.S. sales will likely happen in the coming years." PwC analysts do expect higher sales in 2015.

Anti-auto hacking bill introduced in Senate

Two Senators have introduced a bill to prevent driver and passenger data from being hacked. The measure is aimed at both driver security and privacy.

"There are currently no rules of the road for how to protect driver and passenger data, and most customers don't even know that their information is being collected and sent to third parties," said Senator Ed Markey (D-Mass.), who introduced the bill with Richard Blumenthal (D-Conn.).

The bill requires that:

- All wireless access points in the car are protected against hacking attacks, evaluated using penetration testing.
- All collected information is appropriately secured and encrypted to prevent unwanted access.
- Drivers will be made explicitly aware of data collection, transmission and use of driving information.
- Consumers can choose whether data is collected without having to disable navigation.
- Personal driving information is prohibited from being used for advertising or marketing.

Position Wanted: General Manager

A seasoned management professional with executive leadership experience is seeking a position in a related capacity. The applicant holds a bachelor's degree from the University of Maryland and has worked in Washington metro area dealerships as a general sales manager and general manager for more than 25 years.

Anyone interested can contact Joe Koch at WANADA at 202-237-7200 or jk@wanada.org.

Notice:

Position(s) Wanted is a WANADA member program for dealer and Kindred line employers in which WANADA refers persons seeking employment in a variety of capacities. These individuals present to WANADA their workplace experiences and credentials. All employment information from the Position(s) Wanted Program that prospective employers receive on referral from WANADA is subject to verification by prospective employers. WANADA, accordingly, is not responsible to prospective employers for information provided by those using the Position(s) Wanted Program. WANADA does not refer anyone seeking employment through Position(s) Wanted who it knows is employed by a new car dealer at the time they are using the Position(s) Wanted Program.

Kindred line member spotlight: Eyewitness Surveillance

WANADA Kindred line member Eyewitness Surveillance was featured in a recent [Washington Post article](#). The profile in the Business section tells the story of the two MBAs who bought, grew and now run the Maryland-based security company “whose 4,000 high-tech cameras, backed by analytics, sweep the grounds of auto dealerships and metal-recycling companies from here to Texas.”

Thought for the Week...

If you dumped every reporter who ever sent a snide message or talked smack in private, there would be nothing but crickets chirping in newsrooms all over America.

--David Carr (1956-2015)

New York Times columnist, who died last week at age 58

