

THE WANADA BULLETIN

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

WANADA Bulletin # 9-15

March 6, 2015

Headlines...

Area auto sales: Up 5% in 2014; 15% in fourth quarter

FMLA redefines “spouse” to include same-sex couples, others

Franchise relations bills helpful to dealers clear Va. Gen. Assembly

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Area auto sales: Up 5% in 2014; 15% in fourth quarter



Washington area sales of trucks such as the 2015 Ford F-150 jumped 25 percent in the fourth quarter.

Like the overall U.S. market, Washington area new auto sales continue upward, rising 5 percent in 2014, from already respectable sales in 2013, to include a 15% spike for the fourth quarter. U.S. sales, which fell farther during the recession and had farther to reset than metro Washington, were up 10.7 percent for the year and 7.2 percent in the fourth quarter. Washington area figures are from WANADA’s Area Report based on R.L. Polk new-vehicle registration data. U.S. sales figures are from NADA and Ward’s Automotive.

Washington area sales for DC and 11 mostly urban jurisdictions in the Maryland suburbs and Northern Virginia totaled 77,203 for the quarter and 313,313 for the year. Sales built up in the last three months of the year, from 22,961 in October, to 24,423 in November, to a strong year-end finish of 29,841 in December.

Sales of new imports in the Washington area made up 69 percent of sales – just a shade under last year’s import share of 70.5 percent. Imports made up 79 percent of Washington area car sales and 58.6 percent of trucks. Nationally, imports accounted for 54.5 percent of sales – a big leap from 2013’s import share of 45.4 percent.

Washington area new car sales were down a bit for the year, by 2.6 percent, while truck sales jumped nearly 14 percent. Both segments saw robust increases in the fourth quarter – 5.9 percent for cars and an amazing 25.4 percent for trucks, as gas prices fell to their lowest in years.

Washington area drivers usually buy more cars than trucks, and they did so again in 2014 – but

only slightly, as cars made up 50.3 percent of sales. Nationally, 46.8 percent of vehicles sold last year were cars.

For the complete report on fourth quarter and total 2014 Washington area new vehicle sales, WANADA members can click [here](#) and log in with their email and password and go to Member Center then Marketing and Sales.

FMLA re-defines “spouse” to include same-sex couples, others

The U.S. Department of Labor (DOL) has revised the definition of “spouse” under the Family and Medical Leave Act. As of March 27, it will include same-sex, common law or foreign-celebrated marriage (if valid under any state law). Under the FMLA, eligible employees may take unpaid, job-protected leave to care for a spouse (or certain family members related by marriage) with a serious health condition. The new rule states that the validity of a spousal relationship is based on the law of the place of marriage, not the law where the employee lives or works.

Language in the preamble to the new DOL rule suggests that an eligible employee seeking FMLA leave need only show the existence of a spousal relationship, and that employers may not require proof or documentation. The preamble also appears to presume that employers know the marriage laws from everywhere, meaning that any processing an employer would do on an FMLA request should cover the relevant marriage laws.

Dealers should revise their leave policies to accommodate the new definition of “spouse,” educate employees about the new definition and its potential impact on FMLA leave requests. Dealers should also pay close attention to any state law mandates that vary from the federal law.

Click [here](#) for more information on the DOL’s final spousal definition rule. With questions, contact NADA Regulatory Affairs at (703) 821-7040 or regulatoryaffairs@nada.org.

Franchise relations bills helpful to dealers cleared the Va. Gen. Assembly Governor likely to sign into law

In what many believe was an unusually harmonious session of the Virginia General Assembly, legislators came together on the majority of the nearly 3,000 bills they considered, bringing the 44 day session to adjournment a day early, last Friday, Feb. 27. In this spirit, Virginia dealers gained several helpful franchise relations measures unanimously adopted by the House and Senate, meaning Gov. McAuliffe will likely sign them into law on or before the March 29 deadline. In any event, the General Assembly will reconvene Apr. 15 to consider any actions taken by the governor.

HB 1935 broadens the coercion part of Virginia’s franchise law to prevent automaker franchisors from pressuring dealers through their



The 2015 session of the Virginia General Assembly was a successful one for dealers.

affiliates. Captive finance companies, for example, won't be able to compel dealers to use their finance and insurance products. The bill, additionally, prevents automakers from penalizing their dealers for alleged breaches of the franchise agreement, unless the part in question has first been filed as required by law.

HB 1549 prohibits franchisors from forcing dealers to provide access to consumer data when it violates federal privacy laws.

SB 1118 requires that for a hearing involving an auto dealer, reasonable efforts be made to hire hearing officers who have at least 5 years of experience as hearing officers in administrative hearings in Virginia; have telephone and email capability; and be active members of the Virginia State Bar. The bill further requires the commissioner of the Department of Motor Vehicles to report on the feasibility of hiring hearing officers with these qualifications. The bill also provides that the hearing process follow the Rules of the Supreme Court of Virginia on things like the discovery process and expert reports.

WANADA salutes VADA on a successful legislative session for Virginia dealers!

Supreme Court case on insurance subsidies could affect Virginia



More than 7 million Americans could lose their health insurance if the Supreme Court votes to end subsidies in 34 states.

The Supreme Court heard a case this week on whether consumers in states that did not set up state health insurance exchanges can receive federal subsidies under the Affordable Care Act. Virginia is among the 34 states that use the federal exchange. Maryland and DC each set up their own exchange and would not be affected by the ruling. Nationally, it's estimated that more than 7 million Americans receive federal subsidies. The effect of that many people losing their insurance because they could no longer afford to pay for it would be disastrous.

Because neither the Obama administration nor the Republicans has a Plan B, some health insurance analysts have said that several states may try to set up their own state exchanges after the ruling, to ensure that their citizens don't lose the subsidies they now enjoy, according to the *Washington Post*. But such an effort could present enormous logistical difficulties at this late stage. Consider how long it took to get the Maryland and DC exchanges and websites up and running – and some state exchanges are still not fully functioning. The states that do have exchanges received hundreds of millions of dollars in grants from the federal government that are no longer available.

The subsidies could stop as soon as 25 days after a Supreme Court ruling, though Congress or the Court could set up a longer period for consumers to keep their subsidies. Rep. Paul Ryan, chairman of the House Ways and Means Committee, has said it is a top Republican priority to come up with an alternative if federal subsidies are nixed in 34 states.

Analysis of the Supreme Court arguments indicated that the Court was fairly evenly split, and a decision could go either way. A decision is not expected until June. WANADA, accordingly, will continue to keep members informed.

Cold and snow dampen Feb. sales, as trucks thrive

Record cold and snow in Boston, New York and elsewhere put up a bump in the road for February auto sales nationally. But trucks continued to sell well, as snowstorms raised the appeal of the many models that are four-wheel drive. More than half of vehicles sold nationwide were trucks and crossovers, and car sales continued to drop.

Of the major automakers, Toyota was the only one to break the double digits, with sales rising 13 percent. It undoubtedly helped that it is based in (mostly) snow-free Southern California. Subaru, with its broad offering of four-wheel-drive, saw sales jump 18.5 percent, in the automaker's 39th consecutive month of year-over-year growth. Jeep, another good snow vehicle, saw sales jump 21 percent.

The seasonally adjusted annual rate was 16.24 million, a number below analysts' expectations for the month. But economists said sales are still on track to reach 16.9 million for the year, which would be the highest in a decade.

Transaction prices rose 2.8 percent from a year ago to \$32,245, according to TrueCar. Correspondingly, incentives fell by \$79 per unit to \$2,623.



No wonder Jeep sales rose 21 percent in February, with capabilities like this 2015 Grand Cherokee's

Millennials driving growth of auto loans

Millennials – those born after 1980 – make up the fastest growing segment of auto loan consumers, according to TransUnion's latest auto loan report. They represented 27 percent of auto loan originations in 2014, up from 16 percent in 2009.

Millennials' total outstanding auto balances have increased 23 percent in the past year, the highest of any age group. Average opening loan balances for this age group grew 4.1 percent year over year, up from \$17,942 in 2013 to \$18,678 in 2014.

“The growth in millennials' auto loan originations dispels the common myth that millennials are not buying cars,” said Jason Laky, senior vice president and automotive business leader for TransUnion. “The growing average loan balances for millennials, combined with stable delinquency rates, indicate that we are still in the midst of a strong auto lending environment.”

Participate in Auto News' *Best Dealerships to Work For*

WANADA dealers are encouraged to participate in *Automotive News'* 2015 *Best Dealerships to Work For* program, the fourth annual search to identify and recognize the best employers among auto dealers in the U.S. and Canada.

When the evaluation process is complete and the top dealerships have been chosen, *Automotive News* will publish a special section featuring those who have been named the best, who will subsequently be invited to a gala reception at the Four Season in Chicago.

To participate, dealers must register by March 27. To learn more or to register, click [here](#).

Manheim Pennsylvania Auto Auction offers dealer training

WANADA Kindred-line member, Manheim Pennsylvania Auto Auction, will present the Cox Automotive Training Fair Wednesday, March 18, where 14 Cox automotive companies will offer instructional classes on their products and services.

Dealers can attend one of two sessions, either physically or via Simul-Class. Links will be available to those who register. For more information or to register, call (717) 664-5980.

Staying Ahead...

Strong February auto sales signal a very healthy U.S. economy.

--Eric Lyman

Vice president of industry insights, TrueCar.com

