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Hot off the press!

TrueCar's revised business model comes up short with VA MVDB

TrueCar's second presentation to the Virginia Motor Vehicle Dealer Board this morning fell short of convincing MVDB members that its revised car-buyer referral program to dealers was any more compliant with the Commonwealth's vehicle sale licensing laws than when the program was found to be out of compliance by MVDB in January. While TrueCar's revised arrangement put forth an approach where participating dealers would pay a monthly fee for service as opposed to a fee per unit, MVDB found the vehicle referral program still out of compliance with licensing requirements.

MVDB's findings on the TrueCar model will be sent to all Virginia dealers shortly, as was the case in January and will reiterate MVDB's admonition to dealer licensees that they risk regulatory sanctions for participating in activities that violate Virginia's licensing laws.

Stay tuned!

NADA urges dealers nationwide to oppose amendment that would create an unworkable process for Natural Gas Vehicle Tax Credit **"Tax Transferability" would distort vehicle sales process; vote expected imminently**

As part of debate on the Senate highway bill currently underway on Capitol Hill, Senators Menendez (D-NJ) and Burr (R-NC) have offered an amendment to incentivize the purchase of natural gas-powered cars and medium- heavy-duty trucks. The amendment would provide consumers with a tax credit of \$7,500 to \$64,000, depending on the vehicle. This amendment also proposes to increase demand for natural gas vehicles by providing the tax rebate

to customers as a point-of-sale discount by allowing the credit to be “transferred” to the dealer, who would then have to apply to the IRS to be reimbursed. NADA strongly opposes the creation of “transferable” vehicle tax credits. A vote is expected on the Menendez-Burr amendment *this week*.

NADA is calling upon all its dealer members across the country to call their senators through the Capitol Switchboard at 202-224-3121 and urge them to *oppose* the *Menendez-Burr natural gas amendment (#1782)* to the highway bill because its tax transferability provisions are unworkable in the vehicle market.

NADA says the provision is especially problematic for dealers because:

- The amendment could have dealers funding the tax credit at the time of sale, and then waiting for payment from the IRS. The amount of the dealer’s “float” on a specific transaction would always be far in excess of any profit on the individual sale. The severity of this cash flow problem would increase with every sale involving a transferable credit.
- Dealers would need to have sufficient tax liability to be reimbursed. For example, a dealer may provide cash for several transactions and learn months later that he does not have sufficient tax liability to realize the aggregate value of the credits transferred. The inability to claim a single transferred credit at tax time could destroy the profitability of several previous sales.

For more information, contact the NADA Legislative Office at 202-547-5500 or visit www.nada.org/legislativeaffairs.

Court upholds NLRB requirement to post unionizing rights poster

Employers must post an official National Labor Relations board (NLRB) poster about the right to unionize, effective April 30, 2012, a U.S. District Court ruled last week. In the same ruling, however, the court struck down the automatic unfair labor practice (ULP) provision of the rule.

The court’s decision in *National Association of Manufacturers v. NLRB* held that the NLRB has authority to issue a rule requiring employers to post an official Notice of Rights poster, but that the NLRB lacked authority to “make a blanket advance determination that a failure to post will always constitute a ULP.” Instead, the court acknowledged that the NLRB “may consider a knowing and willful refusal to comply with the [posting requirement] as evidence of an unlawful motive in a case in which motive is the issue.” The court also struck down a section of the rule that would have suspended the normal six month statute of limitations for a ULP charge if an employer failed to post the notice, finding no support in the National Labor Relations Act.

It is expected that the court’s ruling will be appealed, perhaps by both sides. In the meantime, the posting rule will become nominally effective April 30, 2012, but will lack any enforcement mechanism unless the employer commits a separate violation.

White House plan widens EV rebates, to include other advanced vehicle types

President Obama is proposing to spend \$1 billion to help as many as 15 communities speed the deployment of advanced-technology vehicles. In addition, the president is calling for another \$3.7 billion for new tax credits for electric vehicles and other advanced-technology vehicles, including those that run on fossil fuels such as compressed natural gas.

Obama unveiled the proposal during a visit with to Daimler Trucks North America in North Carolina on Wednesday. The inclusion of fossil fueled vehicles in the tax credit program is a major switch for the administration, which had earlier proposed the credits only for electric vehicles.

"To cities and towns all across the country, what we're going to say is, if you make a commitment to buy more advanced vehicles for your community — whether they run on electricity or biofuels or natural gas — we'll help you cut through the red tape and build fueling stations nearby," Obama said. "We're going to give communities an incentive to make the shift to more energy-efficient cars."

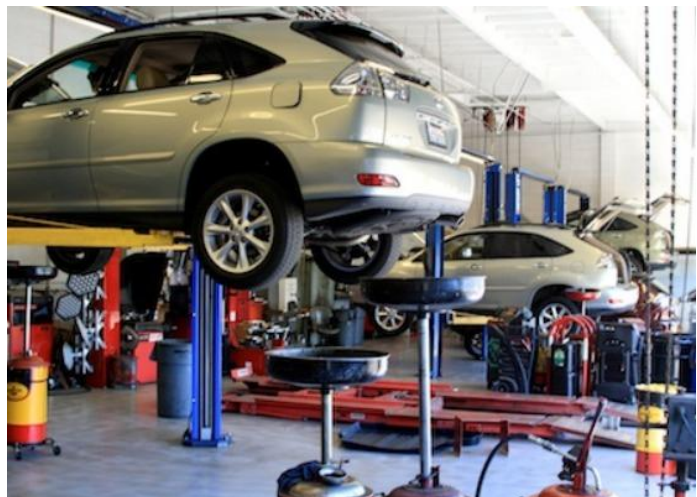
The plan would set aside about one-third of the communities for development of the natural gas fuel option, with much of the remaining funds going to development of an EV charging structure.

The White House plan raises the electric vehicle tax credit from \$7,500 to \$10,000, applies it to other advanced vehicle types, and turns it into a point of sale rebate.

New study suggests dealer service business at risk from aftermarket chains

Auto consultancy DMEautomotive, in a review of the \$215 billion U.S. auto service market, says aftermarket chains are a growing threat to service profits at new car dealerships.

In a national survey released this week, the firm says, dealership service centers are becoming "senior centers" as younger consumers favor aftermarket chains. It also notes that the widely reported aging of the U.S. vehicle fleet is also benefiting independent stores and aftermarket chains. The dealership service business gets approximately a \$78 billion market annually.



DMEautomotive said 45% of Americans it polled said they are likely to visit a dealership for basic services within the first two years of ownership, when the in-warranty dealership relationship is still strong. As vehicles hit 3-6 years, however, dealerships lose 47% of that initial business, with only 31% reporting they would use dealerships for these services. By 7 years, only 13% of customers will select dealerships for these services, per the survey, which also says independents and aftermarket stores grab significantly more “core” service business at vehicle-age three -- earlier than many dealerships may imagine.

The study, based on a survey of 4,000 U.S. vehicle owners, says loyalists drive 62% of dealership revenues and that these dealership loyalists are more likely to be over 60 years of age than any other loyalist group. Conversely, the study found that about half of aftermarket chains loyalists are under 34.

The study also notes that dealership loyalists from the over-70 segment exiting the market represent about a \$3.4 billion annual loss to the franchise dealership industry.

“If dealerships don’t replace their aging loyalists, and aftermarket stores are successful in retaining their loyalists as they advance toward their prime spending years, a share-of-wallet sea-change is looming that would greatly favor aftermarket stores, while eroding dealerships’ lifeline service profits,” said Doug Van Sach, vice president of strategy and analytics at DMEautomotive.

To get the complete report [Click Here](#).

Chrysler to certify pre-owned cars from other automakers

Chrysler will offer company-backed warranties on used cars built by its competitors. The automaker rolled out the program this week to let dealers award certified pre-owned (CPO) status — and the associated warranty that comes with it — to select cars from rival manufacturers.

Chrysler is making the "Diversified Certified" program available to its Fiat dealers first, but the plan is to expand the program to all the automaker's dealerships within 60 days. Chrysler officials explained the novel marketing program with the reasoning that if a pre-owned vehicle buyer has a good experience with a CPO car, he/she will buy again from that dealership, and hopefully that'll be a new Chrysler product.

ASE Certification testing dates



Fixed operations managers are reminded that registration for ASE Certification testing for prospective technician staff is now open. Testing begins April 1, 2012. The full schedule is available at www.myASE.com

External airbag, the next step in auto safety



Volvo, which has been a world leader in automotive safety and technological advancement, and the first company to offer seat belts in its vehicles, is about to offer another first: an *exterior* airbag to protect pedestrians struck by a car.

The bag resides under the hood of the vehicle near the fire wall and expands in front of the windshield to prevent a pedestrian from impacting the windshield.

The system, known as Pedestrian Detection and the Pedestrian Airbag Technology, detects, auto brakes, and deploys an external airbag to reduce the severity of injury. It will be offered in the company's new V40 model, along with a number of new safety features, including Park Assist Pilot, Lane Keeping Aid, Enhanced Blind Spot Information, Cross Traffic Alert, Road Sign Information, Active High Beam, Adaptive Cruise Control and the Distance Alert, Collision Warning and Auto Brake "City Safety."

Thomas Broberg, senior safety advisor Volvo Car Corporation, said "the safety systems are intelligent and work together to make driving more pleasant. Their main task is to assist the driver, thereby making the driving experience more comfortable and less complicated."

Free webinar -Your employees and social media

Labor law experts from Shawe Rosenthal will offer a *free* 90-minute webinar – on Thursday, March 22, 2012 entitled: "**Social Media and Disciplining Employees - What Employers Need to Know.**"

To register, please visit: www.employmentlawalliance.com; in the "Webinars" box on the right side of your computer screen, click the webinar title to view more details or the "register now" link to register.

Questions can be directed to Linda Henderson at the Employment Law Alliance at: leh@employmentlawalliance.com.

Thought for the week ...

Some of the dumbest people in America are members of Congress

--John Boehner, Speaker of the House, March 12, 2012