

# THE WANADA BULLETIN

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

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## Maryland House panel rejects Hogan's rain tax repeal bill



The rain tax would be used to clean stormwater runoff before it ran into the Chesapeake Bay.

The Maryland House Environment and Transportation Committee last week voted down Governor Larry Hogan's proposal to repeal the stormwater remediation fee, a.k.a. "The rain tax." The bill that established the fee, signed into law in 2012, requires 10 of the state's largest jurisdictions to tax its citizens to clean up stormwater runoff from paved surfaces before it flows into the Chesapeake Bay. The bill was passed to meet a federal mandate. The amount of the fee is related to the size of the landowner's property, meaning some businesses would owe significant dollars in taxes.

The vote was along party lines, with 14 Democrats opposing and 7 Republicans supporting repeal. The

action was a reminder that passing bills in a divided government may be as hard for the minority party in Maryland (the Republicans) as it is in Washington, (the Democrats).

Just the same, Gov. Hogan made it clear he is not giving up.

"No issue resonates as strongly and no tax is as universally detested as this rain tax," he said in a statement. "Passing a law that forces only a handful of counties to raise taxes on their citizens – against their will – is wrong, unfair, and it needs to end."

A *Washington Post*-University of Maryland poll found that 65 percent of state residents want the fee reduced. Montgomery County is the exception, with 55 percent of county residents supporting the fee at its current level.

Governor Hogan said he remains confident that the General Assembly will repeal the fee.

An alternative bill has been introduced by Senate President Thomas V. Mike Miller (D) that would make the fee optional as long as counties submit a plan showing how they will pay for cleanup of the Bay. Those who oppose any change to the law say that the fee is already optional. Harford County has repealed it, and the Baltimore City Council has voted to reduce the fee. Frederick County charges households one cent per household, and Carroll County never adopted the fee.

## Forecast sees steady sales next 3 years, falloff later in decade

AutoPacific predicts steady growth in auto sales in the next three years, starting with 2015 sales “just shy of 17 million” – in line with other forecasts.

“U.S. sales recovery has been steady since hitting the bottom of the decline in 2009, though recent years have seen things taper off from 11 percent growth in 2010 to 6 percent in 2014, and a forecasted 3 percent growth this year,” said Ed Kim, AutoPacific’s vice president of industry analysis.

Kim sees “nominal” sales increases in the next three years, peaking at just above 17 million in 2017. Sales of light trucks and SUVs, and especially crossovers, will continue to increase. For this year, he expects a 55 percent light truck share, which would be a record.

AutoPacific foresees a drop in sales volumes later in the decade. The reasons: an expected increase in interest rates, continued delay by millennials in buying their first car, and continued longer loan terms that will make more buyers *upside down* on their current vehicle. The average loan is now 66 months.

“Vehicle buyers will be in a negative equity position on their loans a lot longer than in the past, and that will have a profound impact on replacement demand in the future,” Kim said.

Last week Standard & Poor’s revised its sales forecast downward after lower-than-expected February sales. The financial services company looks for 2.5 percent sales growth for the rest of 2015 and flat sales next year.

## Young shoppers use dealers as primary source of information

Despite popular perception, auto buyers younger than 35 use dealership salespeople, not social media, as their primary source of information when researching a vehicle purchase. That’s according to the most recent annual survey of new car buyers by MaritzCX.

The other top sources were friends and family, consumer guides, automakers’ websites and published safety ratings from the Insurance Institute for Highway Safety and the National Highway Traffic Safety Administration. Only 0.7 percent of those surveyed said mobile apps were an important source.



Crossovers such as the Nissan Murano will help fuel sales this year.

“Salespeople should use that technology as an enabler,” Chris Travell, MaritzCX vice president, automotive research group, told the *Detroit News*. “It’s the personal interaction that customers are still looking for; people buy from people.”

## Fuel economy down in February as consumers bought trucks

Gas mileage of new vehicles sold in the U.S. slipped last month, thanks in part to this year’s harsh winter, according to University of Michigan researchers.

“The decrease in fuel economy likely reflects the increased market share of light trucks, SUVs and crossovers in response to the inclement winter weather in a large part of the country,” said research professor Michael Sivak.

Average fuel economy of light vehicles bought in February was 25.2 mpg, down from 25.4 mpg in January and just 0.1 mpg higher than a year ago. Fuel economy is up 5.1 mpg from October 2007, the month researchers started to keep records.



Increased sales of trucks like the F-150 helped bring February gas mileage down.

## Fuel efficiency still important to new car buyers, survey says

Even in the current period of low gas prices, more than 80% of consumers surveyed said gas mileage will be important in their next vehicle purchase, and more than half said it will be *very important*. The weekly average gas price for the two weeks in February when the survey was conducted for the Consumer Federation of America was \$2.14. By the end of the two weeks, the price was \$2.26.

In January 2009, a CFA analysis found consumers who bought lower mileage vehicles because of low gas prices ended up spending thousands more than the fuel-efficient buyers during the time they owned the vehicle. During the first five years of ownership, buyers who bought a 15 mpg vehicle in 2009 would spend more than \$6,400 more on gas than if they had bought a 25 mpg vehicle.

“Buying an inefficient vehicle during periods of low gas prices condemns the consumer to wider swings in monthly costs, much higher monthly peaks and a whopping overall increase in lifetime gas costs,” said Dr. Mark Cooper, CFA’s director of research.

## Loan amounts for new vehicles reach all-time high

The average loan amount for a new vehicle in the fourth quarter of 2014 reached a record high of \$28,381, according to Experian. That’s more than \$950 higher than a year ago. The average monthly payment also hit a record, \$482. But the average credit score dropped slightly, to 712.

“In most parts of the country, vehicles are viewed as a necessity to everyday life, which is why we continue to see consumers willing to take out larger loans as the average price of vehicles continues to rise,” said Melinda Zabritski, Experian’s senior director of automotive finance.

The amount of the average used-car loan also increased, to \$18,411. The average credit score for used-car buyers increased by 2 points to reach 648.

Leasing continued to increase, by 3.6 percent to nearly 30 percent of new vehicles financed in the fourth quarter. The average monthly lease payment decreased slightly to reach \$408.

## MIT puts vehicle-to-vehicle communication on list of 10 breakthrough technologies

Vehicle-to-vehicle (V2V) communication made MIT's annual list of 10 breakthrough technologies, alongside Apple Pay and Nano-Architecture. One reason is the potential to save more than 1,000 lives a year.

“Networking cars together wirelessly is likely to have a far bigger and more immediate effect on road safety” than self-driving cars with advanced vehicle automation technologies, MIT said.

With V2V communication, cars can broadcast their position, speed, steering wheel position, brake status and other information to cars within a few hundred meters. A computer on board the car processes the readings from other cars 10 times per second and calculates the chances of a crash.

After a pilot study on the streets of Ann Arbor, Mich., from 2012 to 2014, the National Highway Traffic Safety Administration calculated that the technology could prevent more than 500,000 accidents and more than 1,000 deaths a year. The U.S. Department of Transportation is drafting rules to require the technology in new cars.

Cadillac has said the 2017 CTS will have V2V communication. But it works only if a large number of vehicles around it also have the same technology. Audi, BMW, Ford, Honda, Mercedes-Benz, Toyota and Volvo are working on developing V2V communication.

## Volvo announces pilot of self-driving cars in real traffic

As reported in the [WANADA Bulletin](#), Volvo announced at The Washington Auto Show that it was working on an autonomous driving research project aimed at bringing 100 self-driving cars to customers around Gothenberg, Sweden, by 2017. Now Volvo has made a global announcement of its *Drive Me* project, entering its second year.

“Autonomous driving will fundamentally change the way we look at driving,” said Dr. Peter Mertens, senior vice president, research and development, Volvo Car Group. “In the future, you will be able to choose between autonomous and active driving.”

The autonomous driving system has a complex network of sensors, cloud-based positioning systems and intelligent braking and steering technologies.

The main challenge is to design an Autopilot that works in all traffic scenarios as well as during technical faults that may occur. For example, the probability of a brake system failure is very small, but a self-driving vehicle needs a second independent system to brake the vehicle to a stop, as it is unlikely that the driver will be prepared to press the brake pedal. In a real emergency, the car reacts faster than most humans, Volvo said.



A pilot study in Ann Arbor, Mich., found that V2V communication could save more than 1,000 lives a year.

## Voice systems can reduce some types of driver distraction

In-car voice systems help drivers keep their eyes on the road when compared with manual interfaces, but they don't eliminate visual distraction altogether, a new study by the Insurance Institute for Highway Safety and MIT's AgeLab shows. When researchers compared embedded voice systems in the 2013 Chevrolet Equinox (MyLink) and the Volvo XC60 (Sensus) and the voice interface of a smartphone, they found big differences in visual demand, time involved and accuracy.

Drivers were given a series of tasks to do while driving, while told to give priority to safe driving. All three of the voice interfaces reduced, but did not eliminate, eyes-off-the-road time compared with manual calling. Drivers entering an address looked away from the road for much longer with the Sensus than with the other two systems. But drivers using MyLink had a much higher error rate.

In self-reports, the drivers rated the voice interfaces as less demanding than manual ones, but the voice interfaces still led to modest changes in driving performance and increases in stress compared with periods when drivers were just driving.

### ***Paraskevekatriaphobia:***

## **Fear of Friday the 13<sup>th</sup>**

The 25 cent word *Paraskevekatriaphobia* means fear of Friday the 13<sup>th</sup>, a condition suffered by some 20 million Americans.

The beginnings of the superstition that bad luck abounds on Friday the 13<sup>th</sup> apparently goes back to the 14<sup>th</sup> Century when King Phillip IV of France rounded up a bunch of the Knights Templar in his realm and executed the lot of them.

From there, or perhaps before, the bad luck associated with Friday the 13<sup>th</sup> is tied to the Bible, where Eve supposedly gave Adam the Apple that caused God to toss them out of the Garden of Eden, which in turn became paradise lost for the rest of us; Cain was said to have killed Abel on unlucky Friday the 13<sup>th</sup>; it started raining, precipitating the Great Flood which Noah and those lucky animals survived in the Ark; the confusion kicking off the Tower of Babel began on Friday XIII; and, of course, Jesus was crucified on Friday subsequent to being the 13<sup>th</sup> person at the Last Supper on Thursday the night before (or Judas Iscariot was the unlucky 13<sup>th</sup> at dinner that night who went out early the next day and hung himself after betraying Jesus).

As the superstition has it, you're doomed when game changing things happen with you on Friday the 13<sup>th</sup>:

--If born, a life of misfortune;

--If married, you and your spouse will forever fight like dogs and cats;

--Receiving important news will give you a wrinkle in your face and cause you to age one year, etc.

Each year there is at least one Friday the 13<sup>th</sup>, but some years can have as many as three. 2015 is such a year: besides today in this month of March, there was a Friday the 13<sup>th</sup> last month, February, and there will be another in November.

**WASHINGTON AREA NEW AUTOMOBILE DEALERS ASSOCIATION**

