THE WANADA® BULLETIN

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

WANADA Bulletin # 11-15 **March 20, 2015**

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WANADA working with DC DMV to ensure smooth roll out of their new title tax calculator, Apr. 1

As has been publicized by DC DMV and in issues of the WANADA Bulletin over the past month, the city's motor vehicle agency is moving forward to bring itself into compliance with regulations that specify vehicle title tax calculations based upon the NADA Used Car Guide for the Eastern U.S.

The announced departure from DMV's approach in recent years to accept dealer calculations of DC title tax based upon actual vehicle sale prices has caused a stir among Washington area dealerships which sell most of the vehicles purchased by DC residents, who in turn must register them through DC DMV.

Some dealer concerns about DMV's April 1 roll out of their new online title tax calculator are as follows:

- What if the DC title tax calculator goes down and is unavailable and/or the calculator has no value for the vehicle sale that needs tax computation? No problem, says the DMV, because it's OK to fall back to the actual sale price for title tax computation in these instances.
- How do you document that you've used the DMV calculator to figure the tax? Simply get a screen copy of the calculated tax numbers to send along with the tax remittance to the DMV with another copy for the deal jacket. The date of the sale is the time to utilize the DMV vehicle value calculator.
- How does a dealer square the DC title tax calculator, premised as it will be on the NADA Used Car Guide, with the dealership's overall computer network that calculates title tax based on actual sale price? One dealer title administrator WANADA spoke to said she

plans to charge the buyer DC title tax based upon the actual sale price, refunding or billing the buyer when the DC calculator price is more or less than the sale price.

Other DC vehicle registration issues are being vetted by WANADA through a task force on dealer title administrators which, in turn, are and will be presented to DMV regulators next week to ensure clarity on how dealers will be expected to proceed on April 1 and after.

DMV says they are crafting a Frequently Asked Questions (FAQ) sheet on the tax calculator to go to dealers next week. In the interim, it will be important for dealers to take care that vehicle sales and accounting staff are on board with title administrators on this. At the same time, dealers should be communicating with IT contractors and lenders.

WANADA will follow up with a Special Bulletin to all members in the latter part of next week.

Washington Auto Show reps at the Geneva Motor Show interact with industry leaders

John O'Donnell, WAS producer (left) with André Hefti (center), managing director of Geneva Motor Show and Geoff Pohanka, WAS chairman.

Geoff Pohanka, WAS chairman (left), Daniel Jobe (center), WAS Committee, and Johan de Nysschen, Cadillac Global president in Geneva .

Peter Welch, CEO of NADA, with Warren Brown, The Washington Post, at WANADA reception in Geneva.

Like Switzerland itself, The Geneva Motor Show boasts neutral turf as one of the preeminent events on the global auto industry's show circuit. Unlike comparable motor shows in Frankfurt, Paris and Detroit, which inevitably spotlight German, French, and U.S. automakers as a matter of national pride, the non-existence of automakers from Switzerland causes many industry observers to see Geneva as the global industry's top show, in objectivity, if not grandeur and significance.

Washington, like Geneva, is unique, with DC being the only show venue on the global circuit that has the U.S. Congress down the street, acting as the basis for Washington's industry position as the Public Policy Auto Show.

"Because of the ubiquitous role Congress and U.S. regulators play in automotive design, the automakers have come to recognize the importance of Washington as an optimal place to showcase their latest strides in advanced technology," said Auto Show Chairman

Geoff Pohanka, who recently headed a delegation of WAS leadership to the Geneva Motor Show, which ended this week.

"Attending media days of tier one auto shows is expected by the OEMs of shows that have attained that status, as Washington has, which also presents the special opportunity to interact with the top OEM executives and media notables who make our industry happen," he said.

Besides Pohanka, Auto Show Committee member Daniel Jobe was in Geneva, as was WANADA president and Auto Show producer John O'Donnell, WANADA counsel Gerard Murphy and communications director Barbara Pomerance. The Washington Auto Show this year scored the highest attendance in its 90 year history.

2015 Geneva Motor Show that ended March 15

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WANADA joins DOE in Workplace Charging Challenge

WANADA is one of only three DC businesses to have joined DOE's Workplace Charging Challenge.

WANADA recently joined the Department of Energy (DOE)'s Workplace Charging Challenge in its goal to achieve a tenfold increase in the number of employers offering electric vehicle charging stations by 2018. WANADA joins the World Wildlife Fund and PJM Interconnection, a wholesale electricity provider, as only the third organization in DC to enter the charging challenge program.

The partnership means that WANADA has pledged to try to provide EV charging access for its workforce headquartered at 5301 Wisconsin Avenue, NW in DC. WANADA has committed to talk with building administrators to assess the feasibility of installing a charging station onsite and report the results to the DOE. That report will provide useful information about the challenges property owners face in developing a more sustainable infrastructure. Creating workplace charging opportunities could have tremendous benefits for employees and send the message that area dealers support the creation of such infrastructure.

For more information about the Workplace Charging Challenge, including how your dealership can participate, contact Joe Koch at (202) 237-7200 or jk@wanada.org.

AutoNation CEO says subprime poses no threat

AutoNation CEO Mike Jackson told CNBC that subprime auto loans are not a problem for the auto industry, even though Wells Fargo said it would limit subprime loans to 10 percent of its loan portfolio.

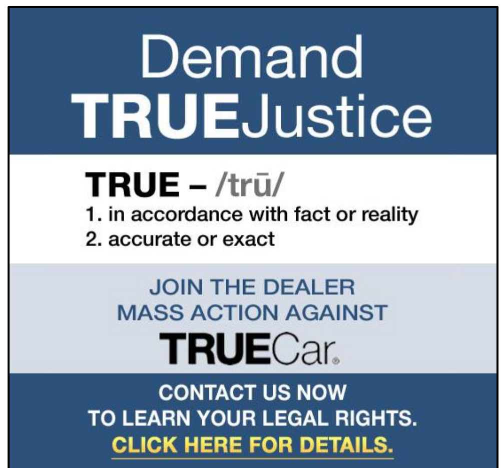
Experian recently reported that 25 percent of new auto loans have terms running six or seven years. But Jackson noted that looking at leasing together with financing yields a different picture. If both are included, average finance terms have *fallen* from 57 to 56 months, he added.

Delinquency rates on subprime loans average 5 percent versus 3.5 percent for all loans.

Dealers sue TrueCar for false advertising, unfair competition

Some 117 dealers have sued car buying website TrueCar for $250 million, alleging false advertising and unfair competition. TrueCar says the suit is "meritless."

The dealers are represented by Leonard Bellavi, a NewYork attorney and dealer franchise specialist, who has represented dealers in various lawsuits, including Chrysler dealers who sued the Department of Justice after their termination. The plaintiffs are not currently TrueCar dealers, but say they have lost customers to TrueCar because of the website's false advertising. A message on the website of Bellavia's firm invites dealers to "join the dealer mass class action against TrueCar."



A link on the home page of the plaintiffs' law firm urges dealers to join the suit, which TrueCar says is "meritless."

The TrueCar site advertises upfront pricing, guaranteed savings and no negotiation. The lawsuit alleges, however, that when customers arrive at TrueCar dealerships, they often find that the vehicle they want is not in stock. When these customers are then ready to buy, they find they still may have to negotiate price, whereupon they take their business elsewhere. The $250 million plaintiffs' lawyers are seeking from TrueCar is premised upon three to seven sales per month, plus service revenue of $1,000 per vehicle, which they allege dealers are losing.

A statement from TrueCar in response to the lawsuit notes that the company has more than 9,000 franchised dealers in its Certified Dealer Network. "These dealers are committed to providing a new car buying experience to consumers grounded on truth and transparency, and consumers have responded by purchasing more than 1.7 million cars from TrueCar Certified Dealers." The statement continues, "Notably, no consumers are parties to the lawsuit."

U.S. News Best Cars for Families

Another set of rankings, another marketing tool for your salespeople. To choose the Best Family Cars, U.S. News looked at 259 vehicles in 19 categories. Vehicles were chosen based on professional automotive reviews, safety and reliability ratings, seating and cargo volume, and the availability of family-friendly features. Such features can include rear-seat video entertainment systems, WiFi hot spots, backup cameras and safety and security systems such as GM's OnStar that help parents keep track of teen drivers.

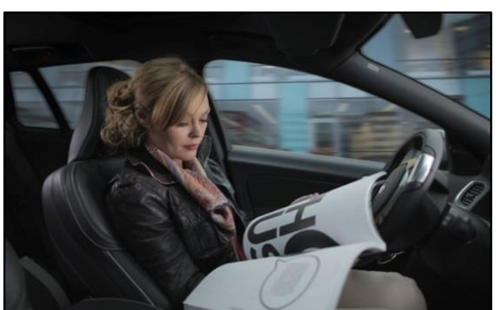
GM led in four categories, more than any other automaker. The Honda Odyssey won for best family minivan for the fifth year running. Not all the winners fit the typical image of the family vehicle, with compact cars and hatchbacks having their own categories.

All winners are 2015 models. They are:

- **Compact cars:** Volkswagen Golf
- **Upscale small cars:** Mercedes-Benz C-Class
- **Hatchbacks:** Kia Soul
- **Midsize cars:** Hyundai Sonata
- **Upscale midsize cars:** Cadillac CTS
- **Large cars:** Chevrolet Impala
- **Luxury large cars:** Kia K900
- **Hybrid cars:** Ford Fusion Hybrid
- **Wagons:** Subaru Outback
- **Compact SUVs:** Honda CR-V
- **Luxury compact SUVs:** Volvo XC60
- **2-row midsize SUVs:** Nissan Murano
- **3-row midsize SUVs:** Toyota Highlander
- **Luxury 2-row midsize SUVs:** Lexus RX 350
- **Luxury 3-row midsize SUVs:** Land Rover Range Rover Sport
- **Large SUVs:** Cadillac Escalade
- **Hybrid SUVs:** Toyota Highlander Hybrid
- **Minivans:** Honda Odyssey

For some types of families, the Cadillac CTS is an excellent car. ©General Motors

Self-driving cars could change repair, parking, insurance



Autonomous vehicles will allow drivers to engage in a variety of other activities.

Autonomous vehicles could become widespread on U.S. roads by 2040, with early adopters commuting in them by 2025 to 2030, says a new report by McKinsey & Co. The vehicles' broad adoption will result in major changes, not just for the auto industry, but also for other industries such as insurance and even for the urban and suburban landscape.

McKinsey estimates that 90 percent of auto accidents in the U.S. – those caused by human error – would be eliminated. Any accidents would instead be caused by technical problems with the car. Insurance companies would focus less on the driver risk profile and more on the car's equipment. Autonomous vehicles could prevent up to $190 billion in damages and health care costs and save thousands of lives a year.

If the forecast is accurate, dealership service departments may have to lay off technicians. Those who are left will need to be more technically trained. Body shops could see a drastic drop off in work.

In the initial phase, autonomous vehicles would be available in a pay-for-use model, likely in ride-sharing and car-sharing applications such as ZipCar and Uber. But instead of a ZipCar being available for pickup, it could come and pick up the driver.

If an autonomous vehicle can drop off any occupants and park by itself, parking spaces won't have to be wide enough for the car's door to open. That could free up 6.8 billion square yards now being used for parking lots in the U.S. – bigger than Grand Canyon and Zion national parks combined, the report says.

Drivers' time would also be freed up. The 50 minutes the average U.S. driver spends commuting could be used for reading, entertainment or napping.

MD Senate panel confirms new transportation secretary

A transportation expert who Maryland Governor Larry Hogan called "the best highway builder in the entire country" has been confirmed as transportation secretary by the state senate. The senate nominations committee had delayed confirmation so members could question him about the Purple Line, a 15-mile light rail route that would connect Montgomery and Prince George's counties.

Neither Governor Hogan nor the new secretary, Pete Rahn, has given specific answers about the light rail line, though during his campaign Hogan appeared to question whether it was a good use of funds. Rahn said during the confirmation hearings that he was keeping "an open mind" on the subject.

Rahn has headed the transportation departments in Missouri and New Mexico and is known for his dedication to highway building and to public-private partnerships to help with transportation needs, according to the *Baltimore Business Journal*.

House committee sets hearing on transportation bill

In another effort to address the pending May 31 expiration of funding for the transportation bill, the House Transportation and Infrastructure Committee has scheduled a hearing this week to discuss the bill's reauthorization. Congress has passed only short-term fixes since 2009, and Transportation Secretary Anthony Foxx and other transportation advocates have strongly urged lawmakers to pass a bill with long-term funding.

The Highway Trust Fund has always been used to fund infrastructure, but in recent years the money in the fund has not kept pace with needs – partly because the gas tax has not been raised since 1993. The latest of several groups to lobby for an increase in the gas tax is the American Road & Transportation Builders Association. ARTBA is asking for a 15-cent hike in the tax, which it says would raise $401 billion for new transportation spending.

Executives from 250 Chambers of Commerce in all 50 states added their voices to the debate in a letter to Congress asking for a long-term transportation bill.

"Without a sustainable source of funding, the [Highway Trust Fund] will be in a deep deficit that will require major cuts in federal highway and transit funding or a potential halt of the entire federal transportation program," said the March 3 letter.

March Madness costs employers $1.9 billion in lost work time

The basketball pools for March Madness that officially start March 16 will cost U.S. employers as much as $1.9 billion in lost work time caused by distracted and unproductive workers. That estimate is based on calculations by global outplacement firm Challenger, Gray & Christmas, Inc. More than 60 million Americans fill out tournament brackets, and many people take time out of their workday to complete the brackets and conduct research needed to make informed selections.

So should bosses ban the betting and tell their staff to get back to work?

"Absolutely not," said John Challenger, CEO of the firm.

"If anything, employers should embrace March Madness and seek ways to use it as a tool to boost employee morale and engagement," he said. "For example, creating a companywide office pool that is free to enter and offers a free lunch or gift card for the winner could help build camaraderie and encourage interaction among co-workers who may not typically cross paths."

Thought for the week…

Love is never defeated. The history of Ireland proves it.

--Pope John Paul II

MAY THE BLESSINGS OF ST. PATRICK AND THE WARM SPIRIT OF HIS FEAST DAY CARRY THROUGH THE ENTIRE YEAR!