



THE WANADA BULLETIN

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

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Staying Ahead...

WANADA and DC DMV work through dealers questions with the new Title Tax Calculator rolling out next week, April 1

With DC DMV launching its new Vehicle Title Tax Calculator next Wednesday, April 1, 2015, agency administrators working with dealer title processors through WANADA have sorted out the questions that arose when the project was first announced earlier in the year. Reiterating and broadening the clarification dealers processing DC title work need in order to comply with DMV's new approach, here is how it will work:

- 1) Effective on and after April 1, Washington area dealers must use the Title Tax Calculator as the basis for computing excise tax on the sale of vehicles to DC residents.
- 2) DC DMV's Tax Calculator is based upon the NADA Used Car Guide for the Eastern U.S. and must be utilized on *all* vehicle sales, new and used.
- 3) Only when a vehicle value is not available in the Title Tax Calculator may the dealer compute the tax based upon the actual sale price. This includes when the Calculator is down or otherwise not functioning. In such situations, the dealer must print off a report from the calculator that the value sought is not available and send a copy along with the rest of the tag and title work to DC DMV. A copy of the report should also go in the customer deal jacket.
- 4) A downloaded screen copy of the Title Tax Calculator value that is available must accompany the tag and title work to DC with another copy filed in the customer deal jacket.

- 5) Dealers need only input the VIN, vehicle model and odometer reading in the Title Tax Calculator, *not* the condition of the vehicle since the Calculator through the NADA Guide utilizes a “one condition fits all” approach.
- 6) The date of the transaction on the vehicle between the dealer and consumer is the date dealers will use on the Title Tax Calculator.

Access the DC Title Tax Calculator as follows:

<https://public.dmv.washingtondc.gov/BusinessPages/VR/ExciseTax/VehicleSearch.aspx>.

Anyone with questions about the DC Title Tax Calculator should contact their DMV representative, or Joe Koch at WANADA, 202-237-7200, jk@wanada.org. WANADA will continue to utilize the dealer title administrator task force it has established along with the good offices of NADA’s Used Car Guide, which have been very helpful.

DC DMV says it will publish a FAQ paper on the Title Tax Calculator soon.

Md. excise tax credits for EVs discontinued as of March 27

The Maryland excise tax credit for plug-in electric vehicles will be discontinued as of *today*, March 27. The reason: The money has been used up for this fiscal year.

The tax credits will resume on July 1, 2015, for vehicles bought before July 1, 2017, or until the funds are depleted. Dealers should take care to alert their Maryland customers about this before they buy an EV.

For additional information, call the Motor Vehicle Administration refund department at (410)768-7346.

CAFE standards could be lowered to reflect consumer habits

Federal fuel economy standards could be lowered next year if the midterm review finds that automakers won’t be able to meet the 2025 targets because consumers aren’t buying fuel-efficient vehicles, federal officials said recently.

As gas prices have fallen steadily in recent months (see article below), buyers have renewed their love affair with light trucks and SUVs, particularly crossovers. But a recent study reported in the [WANADA Bulletin](#) found that fuel economy is still important to consumers buying a new car. Consumer behavior is important to the CAFE program because an automaker’s ability to meet its target numbers is based on the vehicles it sells rather than the ones it makes.

Kevin Green, head of the National Highway Traffic Safety Administration CAFE Program Office, told the *Detroit News* a midterm assessment would surely include “an updated assessment of the market.” The 54.5 mpg targets are “not solid ground” because each automaker will have a different figure based on its fuel economy credits, mix of cars and light trucks, and other factors, Green added.



If consumers keep buying trucks like the Ford F150 instead of cars, CAFE targets may need to be adjusted.

Chris Nevers of the Alliance of Automobile Manufacturers told the *News* that just 3.1 percent of MY 2013 vehicles met the 2025 fuel economy standards.

The midterm review includes a technical assessment for public comment by June 2016 and a final determination by EPA by April 2018 on whether to adjust the figures.

Va. Motor Vehicle Dealer Board gives new ad policy more time

When the Virginia Motor Vehicle Dealer Board met on March 9, 2015, MVDB's executive director reported that the new advertising policy appears to be working correctly. Just the same, MVDB chief Bruce Gould said he wants to give the policy more time before drawing conclusions. MVDB had recently provided notification to Virginia dealers of its policy on advertising prices of vehicles reflecting rebates and incentives. The policy, which states that an advertising price must include only rebates and incentives available to all consumers, was reported in WANADA's Feb. 24 Bulletin, #07-15 available by clicking [here](#).

The new policy will remain in effect and will be considered in May, once MVDB staff has had time to study its impact.



Factory financial assistance for mandatory image programs is considered taxable income. Photo by CZmarlin.

NADA offers tax information for factory image payments

Dealers are often surprised to hear that the financial assistance they receive from the manufacturer for factory-mandated image programs is considered taxable income in the year it is earned. Here's the background:

When dealers renovate their facilities to comply with factory image programs, they typically receive financial assistance to offset a portion of their investment. Dealers often assume they can reduce the cost basis of this investment by the amount of factory

assistance received. But IRS issuances to date on the topic, although informal and at odds with by some dealer tax advisors, state that this amount is taxable income in the year it is earned.

Dealers should be aware, though, that several mechanisms are available that may reduce the impact of the current tax obligation associated with factory image program payments. In a brief report from NADA entitled, *Tax Implications of Dealership Facility Image Upgrades*, the dealer accounting firm Boyer/Ritter outlines these mechanisms and provides an example of how applying them may help a dealer to preserve a manageable cash flow. Dealers are encouraged to share and discuss this article with their tax advisors and can download a copy by clicking on the title above.

Dealers still not responding to Internet leads, study finds

A study of dealership responsiveness to Internet leads found that 1 in 12 customers received no response of any type – not even an automated email response. That level has not improved in the past five years that Pied Piper Management Co. has done the study. In the 2015 study, only Lexus dealerships managed to respond to 98 percent or more of customer Internet inquiries. The success of Lexus is based on consistent sales processes and a greater number of

top-performing dealerships as a percentage of all dealerships. These brands failed to respond at all to 10 percent or more of such inquiries: BMW, Cadillac, Honda, Hyundai, Lincoln, Mazda, Mitsubishi, Nissan, Scion, Subaru and Volvo.

“Few areas within the auto industry reward effort so immediately with incremental sales,” said Fran O’Hagan, president and CEO of Pied Piper. “Yet at too many dealerships, Internet follow-up performance remains largely invisible.”

On average, customer Internet inquiries received a qualified response within 30 minutes about 50 percent of the time. But brands varied widely. Dodge, Fiat, Ford, Lexus and Lincoln dealerships responded within 30 minutes on average more than 60 percent of the time. Chevrolet, GMC, Mini, Mitsubishi, Smart and Volkswagen stores responded within 30 minutes on average less than 33 percent of the time.



On average, customers got a response to an Internet inquiry to a dealership within 30 minutes only about half the time.

Dealers with service express lane have more satisfied customers

Dealers who offer an express lane for customers who do not schedule service appointments have much higher customer satisfaction scores in the latest J.D. Power service satisfaction study. The study measures customer satisfaction with service at franchised dealerships for maintenance or repair work among owners and lessees of 1- to 5-year-old vehicles.

Among customers servicing at a dealership with an express lane, 52 percent said they spoke to a service advisor immediately, compared with 38 percent of those servicing at a non-express lane dealer.

The study also found:

- Despite widespread availability of Internet service appointment scheduling, only 9 percent of customers book appointments through the Internet compared with 73 percent who call for an appointment. Nearly half of customers said they are unaware that Internet scheduling is available to them.
- Satisfaction is much higher among customers who work with the same service advisor they worked with in the past than among those who work with a new advisor. Nearly two-thirds said they worked with the same service advisor in the past.
- While 29 percent said the service advisor recommended additional work, nearly half of those customers agreed to have the work performed. The average service bill for those who had the additional work done is \$277, compared with \$177 for those who turned down the extra work.

The highest rated franchises for service satisfaction were, for luxury brands, Jaguar, Lexus, Audi, Lincoln and Cadillac. The top five mass market brands were Buick, Mini, Volkswagen, GMC and Chevrolet.

Gas prices were up, now they're falling again

After rising for 40 days in a row, the national average price for regular unleaded gasoline has fallen for nine straight days to an average of \$2.42 per gallon of regular, according to the American Automobile Association. That's \$1.09 lower than a year ago.

Gas prices may continue to drop in the near future because of a steep decline in the cost of crude oil. Every \$10 per barrel decline in the cost of crude oil can send gas prices down by nearly 25 cents per gallon, says the AAA.

DC has the ninth highest gas price among states, at \$2.54 a gallon for regular. California has the highest price, at \$3.37, and Tennessee the lowest, at \$2.19.



Road repairs and construction are desperately needed, but Congress can't agree on funding. Photo by atomsmasher.org.

Much talk in Congress on highway funding, but no bill yet

The House Transportation and Infrastructure Committee held a hearing last week on highway funding – set to run out May 31, 2015 – but despite a few proposals, no bill is being seriously discussed.

For the past six years, Congress has used temporary patches to pay for transportation infrastructure. Without a new bill, the Highway Trust Fund will go bankrupt in just over two months, and states say they would have to cancel road projects.

Transportation advocates have suggested a user fee through a hike in the gas tax, but no one in Congress wants to raise

taxes. Rep. Bill Shuster (R-Pa.), chair of the transportation committee, has said he won't support a gas tax increase. GOP budgets from the House and Senate include no funding for transportation.

Shuster has said he will push for a long-term bill rather than another short-term funding measure, and Transportation Secretary Anthony Foxx says a long-term bill makes much more sense. But where to find the money? The idea that appears to have the most support now is to raise money from a tax on overseas corporate profits, but the two parties can't agree on how to do that. The longer the process drags on, the more likely a short-term fix becomes.

States may be forced to take measures into their own hands. Last week, Utah raised its gas tax by 5 cents and South Dakota upped its tax by 6 cents. Maryland and Virginia both raised their gas tax in comprehensive transportation bills last year.

NHTSA starts program to fight drowsy driving

The new chief of the National Highway Traffic Safety Administration Mark Rosekind announced a new initiative last week focusing on drowsy driving.

"While not everybody drinks, or texts, or speeds, lack of sleep is a problem we all face," Rosekind said in a speech in Washington. He said that 2 percent to 20 percent of traffic deaths a year can be attributed to driver drowsiness.

The initiative will have three parts: measuring the problem, developing and testing public awareness campaign techniques, and developing strategies to target populations especially

vulnerable to drowsy driving. NHTSA will also examine the role that driver aids can play, from computer algorithms that can detect when a driver is getting sleepy to rumble strips on the road.

Senate confirms NTSB chairman

The Senate unanimously confirmed Christopher Hart to be chairman of the National Transportation Safety Board (NTSB). He had been acting chair since April 2014, replacing Deborah Hersman.

Hart has recently overseen investigations of commuter rail crashes. He has a background as an aviation pilot and has worked for the Federal Aviation Administration on air traffic safety issues.

Save the Date: WANADA Open, June 3

The 2015 WANADA Open Golf Tournament and Tennis Clinic is scheduled for Wednesday, June 3. The golf tournament will be played on the Robert Trent Jones course at The Golf Club at Lansdowne Resort in Leesburg, VA. Registration will open up next month, with the numbers of golfers this year limited to 128, so sign up early as registration is on a first come first served basis!

The 2015 WANADA Open is offering Kindred-Line members sponsorship opportunities to spotlight their businesses while showing support for automobile dealer customers and their trade association. Please contact Bob Storin (301-335-8289; bob@storinassociates.com) to find out about all the sponsorship opportunities available. In addition to the sponsor category, Kindred-Line members will also be listed on WANADA's website; in the WANADA Bulletin; and be recognized at registration and in the dinner program.

Please contact Kathy Teich (202-237-7200; kt@wanada.org) for event related questions.

In Memoriam

S. Curtis Dworken
Founder, Curtis Chevrolet in DC

It is with sadness that WANADA notifies the Washington Area new car dealer community of the passing of Sidney Curtis Dworken, founder of Curtis Chevrolet on Georgia Avenue, NW in DC. He passed peacefully last weekend at his home in Oceanside, Ca. at the age of 94.

A longtime Washington area automobile dealer, Curtis began his career in the Lustine organization in Hyattsville, MD after serving as a naval officer in World War II. He later branched off to open Curtis Chevrolet, which he operated for 30 years before turning the business over to his son, Dudley Dworken, in 1990. He served on WANADA's Board of Directors in the 1970s and early 1980s where he was instrumental in WANADA's success with its chapter of NADA's Automotive Consumer Action Program (AUTOCAP) which enabled area dealers to forge invaluable working relationships with state and local consumer protection agencies, consumer reporters at radio and TV stations and the car buying public. As a prominent DC dealer, he was also extremely helpful in assisting WANADA with its government relations with the District of Columbia.

Curtis was an outdoorsman, who hiked, swam and played tennis. He seriously enjoyed good food and good wine, being a 50-year member of the International Food and Wine Society. He went to

Harvard College, Harvard Business School and Harvard Law School. He married his second wife, Dee, who survives him, as does Dudley, who ran Curtis Chevrolet until 2007 when he closed one of DC's remaining dealerships.

Besides, Dee and Dudley of Potomac, Md., Curtis is survived by his youngest brother, Mike, of Fairfield, Ct.; another son, James, of Nv.; daughter, Devon Burak of Potomac, Md.; five grandchildren and five great grandchildren.

Contributions to his memory can be made to Harvard College, Cambridge, Ma. Services are private.

To Dee, Dudley and his wife Karen, the entire Dworken family, and Curtis's many good friends, WANADA extends its sincerest sympathy.

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Staying Ahead...

To succeed in life, you need three things: a wishbone, a funny bone and a backbone

--Reba McEntire

Country music singer/songwriter