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Dealer processing fee cap increase passes MD General Assembly

\$100 cap rises to \$200, effective July 1; MD title fee will increase \$50

In the closing days of the 2011 Maryland General Assembly this week, state Senate and House conferees came together and passed the Budget Reconciliation and Financing Act (BRFA), which included raising the limit dealers can charge consumers for vehicle sale document processing from the current limit of \$100 to a new limit of \$200. Being part of the budget and finance legislation, the change in the dealer processing fee cap will be effective July 1, 2011. Additionally, there is provision in the dealer processing fee measure which provides for an *automatic* fee cap increase from \$200 to \$300, effective three years from now, July 2014. The automatic statutory boost in the processing fee cap for 2014 was recognition on the part of lawmakers that dealer paperwork for vehicle sales is something that is likely to increase over time with the myriad of consumer protection regulations impacting the automobile business.

The dealer processing fee limit increase was made part of BRFA because of the additional title tax it will generate for the state of Maryland, which, like other states, is facing unprecedented budget shortfalls.

Another automobile business part of BRFA is a provision that increases the state fee consumers pay for titles when purchasing vehicles, which will rise from \$50 to \$100. This, too, will be effective July 1.

Transportation funding legislation that could have come forward in this session did not, but may come forward in a special session this fall. At such time as transportation funding legislation is considered, a large part is likely to focus on the prospect of increasing the state tax on gasoline. This wasn't something legislators wanted to do with the price at the pump currently spiking upward and foremost on the minds of Maryland motorists.

The passage of the BRFA makes the processing fee increase all but a “done deal,” given the certainty of the governor’s signature on the legislation.

WANADA salutes the good work of MADA and the team at Rifkin, Livingston, Levitan and Silver for the successful passage of the processing fee cap increase and was pleased to have assisted the effort!

Burdensome IRS 1099 expansion headed for scrap heap

Senate accepts House bill, president expected to sign repeal

Following the House of Representatives, the Senate voted this week, 87 to 12, to repeal the expansion of the IRS 1099 tax-reporting requirement in Healthcare Reform, which would have required business owners to file the tax reporting form whenever they did business of \$600 or more with any vendor.

Representing U.S. new car dealers, NADA joined a number of small business coalitions that successfully fought for the repeal of the requirement for nearly a year, arguing that it was unnecessarily burdensome, expensive and an unwarranted funding mechanism for Healthcare Reform. The Republican controlled House had overwhelmingly passed the repeal measure at the beginning of April.

<input type="checkbox"/> CORRECTED		OMB No. 1545-0115	
1	Rents	2009	Miscellaneous Income
2	Royalties		
3	Other income	Form 1099-MISC	
4	Federal income tax withheld	5	Medical and health care payments
6	Fishing boat proceeds	7	Substitute payments in lieu of dividends or interest
8	Nonemployee compensation	Copy 1 For State Tax Department	

And, while the administration has not officially indicated what the president will do, he has repeatedly said the expansion of the 1099 reporting requirement should be repealed. The open question, then, is whether the president can accept the \$160 million revenue offset that is part of the bill. The \$160 million was revenue the added reporting requirement was expected to generate.

The legislation passed by the House and Senate calls for altering the formula for recapturing excessive health care insurance premium assistance advanced under Healthcare Reform to individuals and families with incomes up to 400 percent above the family poverty level.

“With the new 1099 requirement eliminated, dealers can build their businesses rather than filling out tax forms,” said David Regan, NADA vice president of legislative affairs.

WANADA F&I CERTIFICATION WORKSHOP

Learn the importance of legal compliance and protecting the dealer's assets

WANADA has scheduled its annual one day F&I Certification Workshop for F&I managers for May 24, 2011 at WANADA headquarters.

The workshop will cover:

- ✚ Unfair and Deceptive Trade Practices
- ✚ The Tax Reform Act 1984 and FinCen Form 8300
- ✚ The Truth in Lending - Regulation Z
- ✚ Consumer Leasing - Regulation M
- ✚ Rate Spread
- ✚ Equal Credit Opportunity - Regulation B
- ✚ Fair Credit Reporting & FACT Act
- ✚ The Gramm-Leach - Bliley Act
- ✚ The Magunson-Moss Warranty Act
- ✚ The USA Patriot Act & OFAC



Workshop participants will take a multiple choice final exam at the conclusion of the day and receive a compliance certification if they correctly answer.

Arrangements for the seminar as follows:

- Date:** Tuesday – May 24, 2011
Time: 9:00am – 5:00pm (Registration begins at 8:30am)
- Where:** WANADA Headquarters
5301 Wisconsin Avenue, NW, Suite 201
Washington, DC 20015
- Cost:** \$199.00 per Person

Contact: Kristina Henry- director of events for the Washington Area New Automobile Dealers Association – Phone, 202-237-7200 Ext. 18 Email: kh@wanada.org.

Register here by downloading the form: http://www.wanada.org/2011-events/F&I-Certification-Workshop-Registration-Form_05-24-11.pdf.

Nearly 550 Take Advantage of WRAP's SoberRide program

WANADA - sponsored effort once again keeps drunks off the road

The Washington Regional Alcohol Program (WRAP) St. Patrick's Day SoberRide initiative provided 547 free taxi rides to Washingtonians ages 21 and older who otherwise may have attempted to drive home after drinking.

The nearly 550 SoberRides provided on St. Patrick's Day represented more than a four-percent increase in SoberRide ridership from last year's St. Patrick's Day WRAP offering. Significantly, the free taxi ride program removed a would-be drunk driver from Greater Washington's roadways every 79-seconds!

WANADA has been a major sponsor of SoberRide for a long time, this year contributing \$5,000 to the drunk driving prevention effort. WRAP's SoberRide program has provided 52,265 free cab rides to would-be impaired drivers in the Greater Washington Area since it began in 1993.

Will U.S. Healthcare Reform look like healthcare in the U.K.?

We can only hope not!

A recent report from the BBC in the U.K. hints at what healthcare in the U.S. may look like as Healthcare Reform takes effect here in 2014 and it's not encouraging.

The U.K. has national healthcare along the lines of what is envisioned for the U.S. under Healthcare Reform, basically providing coverage for everyone through a government subsidized health insurance program. One of the concerns raised by opponents to Healthcare Reform has been the likelihood that it will lead to health care rationing, given the budgetary constraints that will inevitably occur.

The U.K.'s National Health Service recently launched an effort to find efficiency savings of up to \$30 billion by 2015. The BBC reports that in its aftermath, patients in some parts of England have "spent months waiting in pain" because of delayed operations or new restrictions on who qualifies for treatment. The BBC surveyed nearly 700 surgeons and found that one in seven reported having to put "on hold" hip or knee replacements in their area because of measures introduced to "improve efficiency."

The BBC quotes a spokesperson for the Department of Health as saying: "When clinicians and patients are making decisions about joint replacement surgery, it is right that other procedures – which could provide better outcomes for patients and provide better value for taxpayers – are also considered."

A cautionary tale on test drives

Thieves may have switched a bogus key for a real one to help them steal a car valued at more than \$122,000 from a Fredericksburg, VA., Mercedes Benz dealership.

According to Fredericksburg police, two men who claimed to be Russian came to the dealership and expressed interest in the car and then somehow switched keys after a test drive, handing the salesman a key similar to the Mercedes' ignition key and leaving with the real one.

They then came back at some point and drove away in the four-door car.



The suspects were described as white males in their 30s with medium builds. They were well-dressed and spoke English with Eastern European accents. One of them had a full beard. This may be a variation on another practice gaining popularity with auto thieves, which involves electronic theft of the car key passcode, accomplished with “readers” that pick up the signal the key emits when used to open the car door, or start the ignition.

Full carbon fiber car bodies on the way



BMW's megacity EV carbon fiber body

Look for a big move by the auto industry into carbon fibered auto bodies in the near future as engineers work to meet tighter fuel economy and emission standards and adopt EV and hybrid technology to get there. Leading the way is BMW, which this month said it was recruiting as many as 40 engineers with carbon-fiber expertise to help meet its goal of launching its i3 and i8 lightweight electrified vehicles in 2013.

Carbon-fiber bodies long have been used for Formula 1 race cars and supercars, and carbon-fiber components, such as roofs and spoilers, are not rare

on sporty cars. High volume production is another matter, however.

BMW will employ the engineers at a special plant in Moss Lake, Washington where it will begin producing body and chassis parts in the fall. Using the lightweight panels is meant to offset the weight of the batteries (about 220 lbs.) that will power BMW's i series vehicles, thereby extending their range and performance characteristics. The material is also expected to provide safety benefits.

2011 WANADA OPEN – May 16

Lakewood Country Club

WANADA member golfers and friends who enjoy a good time are reminded it is only five weeks until the 2011 WANADA Open will be played at Lakewood Country Club, Rockville, MD. There will be several new competitions this year that recognize different skill sets of players. Additionally, golfers will be allowed to drive carts directly to their golf balls rather than having to stay on the paths, as was the case last year.



The registration fee for the 2011 WANADA Open is \$235 per golfer and \$100 for those coming only for cocktails and dinner.

Register early by calling or e-mailing Kristina Henry, WANADA's director of events at (202) 237-7200, ext. 18 or kh@wanada.org. The registration form can also be downloaded at www.wanada.org

IN MEMORIAM**Sam Weaver, Sr., Chevy Chase Cars**

It is with sadness that WANADA reports the passing of longtime Washington area dealer executive Sam Weaver, Sr. of Chevy Chase Cars. He died this week at the Kline Hospice House in Frederick, Md. He was 78.

Sam was a career automobile man, having spent 51 years at Chevy Chase Cars specializing in truck sales. He earned numerous awards and honors including being one of the nation's top 10 Chevrolet truck salesman. He was credited with starting CCC's first truck department which grew and prospered under his leadership of more than 20 years. He retired at age 75 and never stopped worrying about his customers' automotive needs until the end.



Sam is survived by his wife of 59 years, Doris; three children, Sam Jr., Terry and Linda; four grandchildren and two great-grandchildren.

No immediate service is scheduled. A reception to "celebrate his life," will be held Sunday, June 12, 2011 at 2:00pm at The Auction House of Alexander's in Buckeystown, MD.

Contributions to his memory can go to the Maryland Automobile Dealers Association Foundation (MADAF), 7 State Circle, Suite 301, Annapolis, MD 21401.

Staying ahead...

Golf and sex are about the only things you can enjoy without being good at.

--Jimmy Demaret