

# THE WANADA BULLETIN

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

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## New stormwater fees will impact Md. businesses



New Stormwater fees in Maryland will help pay for cleanup of polluted runoff into the Chesapeake Bay. (Photo by WarriorMare)

New fees on businesses to pay for cleanup of stormwater runoff are slated to be implemented in Baltimore and nine Maryland counties by July 1. Governor O'Malley signed legislation a year ago to comply with U.S. EPA standards for the maximum daily pollution allowed in the Chesapeake Bay. Other states, like Maryland, that are near large bodies of water where polluted stormwater ends up are passing similar laws.

But in Maryland, businesses occupying more than a quarter acre will pay much more than residential property owners, according to estimates. Proposed annual fees for businesses could range from \$510 per acre in Harford County to \$2,987 per acre in Baltimore, according to a commentary by Donald Fry, president and CEO of the Greater Baltimore Committee, published in the *Daily Record*.

"These types of added fees (taxes) significantly increase the cost of doing business and make our region noncompetitive compared with jurisdictions that are not subject to EPA permits," wrote Fry.

Large residences will be assessed a flat fee ranging from \$39 in Baltimore County to \$144 in Baltimore City. Local enabling legislation has either passed or is pending in the ten jurisdictions, including those in the Maryland suburbs of Washington. WANADA and MADA are teaming up to sort out the impact of the new Maryland locality fees on dealerships.

## Md. EV tax credit extended to cars sold by June 2014

The exemption of electric vehicles in Maryland from the 6 percent motor vehicle excise tax was extended in the recently concluded session of the General Assembly to June 30, 2014. Under the bill, the maximum exemption may not exceed:

- \$600 for a vehicle with a battery capacity of 4 to 10 kilowatt-hours,
- \$700 if the battery has 10.1 to 15 kWh, or
- \$1,000 if the battery has 15 or more kWh.

The bill extends through tax year 2016 the current state income tax credit of up to 20 percent of the cost of qualified EV recharging equipment used by a business or individual. The credit may not exceed the lesser of \$400 for each recharging system or the state income tax liability in the tax year. Any unused part of the credit may not be carried over to another tax year. The credit is limited to one recharging system per individual and 30 recharging systems per business.



The Chevrolet Volt will retain its tax credit in Maryland until next June.

*(Thanks for Michael Johansen of Rifkin, Livingston, Levitan & Silver for this summary.)*

## Cost of driving up 2% since 2012, says AAA

The cost to own and operate an average sedan is now 60.8 cents a mile, up 2 percent since last year, accordingly to AAA's 2013 "Your Driving Costs" study. Assuming the average driver goes 15,000 miles a year, that's a yearly cost of \$9,122. Changes in maintenance, fuel and insurance costs drove the increase.

The AAA study gives a range of yearly costs, from \$6,967 for a small sedan to \$11,599 for a 4-wheel-drive SUV.

Maintenance saw the biggest increase, growing 11 percent to 5 cents a mile for the average sedan owner. AAA's estimates are based on the cost to maintain a vehicle and perform needed repairs for five years and 75,000 miles, including labor, parts and an extended warranty. Last year saw a significant increase in labor and parts costs for some models and a major increase in the price of extended warranty policies.

Fuel costs rose less than 2 percent, which was partially offset by improvements in fuel economy for several vehicles. Average insurance costs for sedans rose less than 3 percent to \$1,029 annually. Estimates are based on a low-risk driver with a clean driving record.

## USAA lists "Best Value" vehicles for 2013

Insurer USAA has published its *Best Value List* for 2013, choosing vehicles in 16 categories that offer affordability, safety and reliability. And the winners are:

Large sedan -- Dodge Charger; midsize sedan -- Dodge Avenger; small sedan -- Mitsubishi Lancer; large luxury sedan -- Lincoln MKS; midsize luxury sedan -- Audi A4; large SUV-- Chevrolet Traverse; midsize SUV -- Ford Explorer; small SUV -- Kia Sportage; midsize luxury SUV -- Lexus RX 450h; large pickup -- Toyota Tundra; sports -- Scion FR-S; coupe -- Honda

CR-Z ; wagon -- Audi A3; and minivan -- Dodge Grand Caravan. No vehicles met the USAA *Preferred* requirements in the large luxury SUV and small pickup categories this year.

USAA also chose the top 10 vehicles for teenagers. They cost less than \$25,500 and rank highest in safety, reliability and reasonable insurance costs. They are: Dodge Dart, Dodge Avenger, Honda CR-Z, Chrysler 200, Honda Insight, Volkswagen Golf, Hyundai Elantra, Nissan Versa, Kia Optima and Chevrolet Malibu.



USAA chose the Dodge Dart as one of the top 10 vehicles for teenage drivers.

## EPA nominee discusses priorities at confirmation hearing

The confirmation hearing for Gina McCarthy to head EPA held few surprises, and she is widely expected to be confirmed. But her testimony before the Senate Environment and Public Works Committee does offer clues to where she could lead the agency.

McCarthy, who was a panelist at The Washington Auto Show Affordable Mobility Summit in January, emphasized the importance of combatting climate change. “Facing that challenge with increased focus and commitment is perhaps the greatest obligation we have to future generations,” she told the committee.

Under her leadership, McCarthy said the EPA would work to regulate carbon emissions, which courts have determined are a pollutant under the Clean Air Act. She added that the agency could do that while “ensuring the economy continues to grow.”

McCarthy described the process behind EPA’s decision last year to nearly double fuel economy standards by 2025 as the best way to reach environmental decisions. “These standards reflect the joint work of states, the automobile industry and labor, as well as the federal government,” she said – reiterating the idea that “environmental protections do not come solely out of government or out of Washington.”

## Subcompact sales lag behind fuel prices

Since 2006, subcompact sales have generally tracked higher fuel prices nationwide – but not recently. As gas prices stay around \$3.50 to \$4.00 a gallon, subcompact sales have been plus or minus 1 percent for each of the past six months, says Ward’s.

Usually, product redesign helps boost sales. But that hasn’t helped in Ward’s lower small segment, even though most of the models have been redesigned in the past few years. In the first quarter, Hyundai Accent sales fell nearly 25 percent, Mazda2 plunged 52 percent and Toyota Yaris was down 28 percent. All three were new as of 2011 or later.

One problem may be the relatively small difference in price and fuel economy between subcompacts and compacts, says Ward’s, citing the Hyundai Accent versus Elantra.

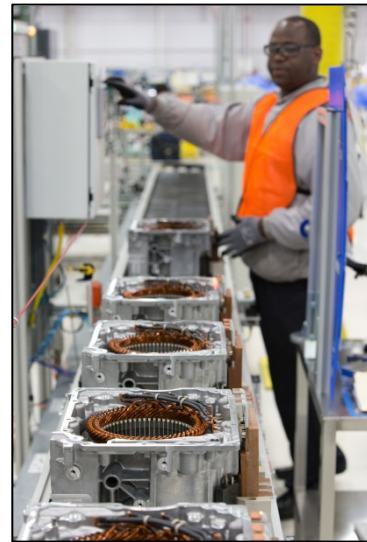
## GM opens electric motor plant in Baltimore County

Baltimore County has become part of GM's bet on the future of electric vehicles with the opening of an electric motor plant in White Marsh. GM is the first automaker to produce an electric motor in the U.S.

So far, the plant has 20 employees and 27 robots making the Chevrolet Spark EV motor. GM has spent \$121 million on the plant, the U.S. Department of Energy has given \$105 million, and the state of Maryland has offered up to \$3 million in economic development grants. If GM can get to 374 jobs at the new plant and its transmission plant next door, it could qualify for \$6 million in grants from Baltimore County, reports the *Baltimore Sun*.

GM has said the Spark EV will cost less than \$25,000 after a \$7,500 federal rebate. It will be sold in California and Oregon this summer.

“The challenge ... is, can we create a technology, a vehicle, that the average buyer can look at and say, ‘That is a cost-competitive vehicle?’” said Brett Smith of the Center for Automotive Research in Ann Arbor, Mich., to the *Detroit News*.



GM's White Marsh plant will make motors for the Chevy Spark EV.

## DC health care exchange to be tested by feds

DC's health care exchange, pursuant to national health care reform, is set to open October 1, 2013. It will have its technology tested in the next two months by the U.S. Center for Consumer Information and Insurance Oversight to ensure that the DC exchange's technology can communicate well with the Internal Revenue Service, the Social Security Administration, the Department of Homeland Security and other federal agencies to check criteria such as insurance eligibility and citizenship.

If the oversight agency finds problems which would result in service delivery failures to citizen users, the DC exchange would be taken over by the feds. The DC exchange aims to move quickly – some say too quickly to embrace national health care reform. The exchange is to be run by an executive board that has voted to require all employers with 50 or fewer workers to buy insurance through the exchange, rather than on the open market. The requirement would be phased in over two years but remains controversial.

The DC exchange's board has also voted to allow employers to offer several plans from different insurers at different prices.

## Va., Md. strengthen laws on texting while driving while DC stays the course (careful in Alaska!)

Virginia just went from having the weakest law in the nation on texting while driving to a much stronger one with a big loophole. A month ago, Virginia had only a \$20 fine, and texting was a secondary offense, meaning the driver had to be pulled over for another violation. Under



the new law, the fine is \$125 (and \$250 for the second violation), but drivers can still use a hand-held phone to make phone calls and check the GPS for directions.

Under Maryland's new law, police may pull over any driver with a cell phone in hand. Use of hand-held electronic devices while driving is banned. Violators can be fined up to \$500.

DC bans use of held-held phones while driving, and the fine is \$100. Nearly 63,000 tickets were issued for distracted driving in the five years ending in fiscal 2011.

The nation's strongest law is in Alaska, which has a maximum fine of \$10,000 and a year in prison, according to a recent study by Online Auto Insurance. If the driver injures another person while texting, the maximum fine goes to \$50,000 and five years in prison.

## Last chance to sign up for WANADA's F&I workshops April 25-26

WANADA's special Spring **Finance and Insurance Professionals Seminar** will be held this week, Thursday, April 25 or Friday, April 26. The daylong workshop is aimed at all F&I staff and is presented by JM&A, WANADA's presenter for the past five years. Topics to be covered include unfair and deceptive trade practices, Truth-in-Lending, Equal Credit Opportunity, rights to privacy and others. Participants take a test at the end of the seminar and receive certification.

Click [here](#) for more information and to sign up. Direct your questions to Kristina Henry in the WANADA office at (202) 237-7200 or [kh@wanada.org](mailto:kh@wanada.org).

### Thoughts for the Week...

Terrorists only succeed if they overwhelm us with fear. They can't. They didn't do it in New York at 9/11 and they didn't do it in Boston at the Marathon. Terrorists can't stop us from doing what we do to make America great.

--Rudy Giuliani

Times like these, terrible as they are, don't show our weakness; they show our strength.

-- Dan Conley, DA, Suffolk Co, Mass

This time next year, the world will return to this great city to run harder and cheer louder for the 2014 Boston Marathon.

-- President Obama

I love this country. It gives a chance to everybody to be treated as a human being.

-- Ruslan Tsarni, Uncle of the accused Boston Marathon bombers, Chechnyan immigrant

The only thing necessary for evil to triumph is for good men to do nothing.

-- Edmond Burke, British statesman, 1729-97