

# THE WANADA BULLETIN

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

WANADA Bulletin # 16-13

April 30, 2013

## Headlines...

Maryland signals it will follow Virginia in denying Tesla a license to retail cars without a dealer

Anne Arundel co. exec. rejects Maryland's new stormwater fee, set for July 1

Insurer seeks 25% hike in premiums for state exchanges mandated by Healthcare Reform

NHTSA issues distracted driving guidelines for automakers

FTC drops requirement for alternative fuel vehicle sticker

Washington is one of ten cities with greenest car shoppers

One in ten vehicles will be electric by 2035, study says

Most oppose gas tax hike to fund road repairs, Gallup poll finds

New date for WANADA Open: Tuesday, June 4

Staying Ahead...



Tesla store in Santa Monica, Ca.

## Maryland signals it will follow Virginia in denying Tesla a license to retail cars without a dealer

Hot on the heels of Virginia regulators last week rejecting Tesla Motors bid to open a retail outlet in Tysons Corner, Maryland regulators are moving ahead on a similar course of action. Like Virginia, where DMV Commissioner Rick Holcomb last week ruled that Tesla didn't make the case that it should be able to retail its electric cars in the commonwealth without a dealer, Maryland has well-

established, strong dealer licensing laws with specific requirements for retailing new vehicles. Preliminary, but credible, indicators are that Maryland regulators will be no more inclined to approve Tesla's "design studio" retail model, with no service department or dealer operator, than Virginia.

Tesla has the opportunity to appeal Holcomb's ruling in Virginia, either back through the DMV where new evidence would be required or in court. In the meantime, Maryland's position on Tesla's *dealerless* business model should be moving forward shortly.

Tesla retails vehicles in about ten states and the District of Columbia via its design studios. Whether the exotic California based electric carmaker will change its business model to clear dealer licensing hurdles in more states remains to be seen. Tesla's larger-than-life CEO, Elon Musk, has other companies that he has founded and for which he has designed products. One such company is SpaceX that has developed space launch vehicles that has garnered for Musk a \$1.6 billion contract with NASA and President Obama's praise. And yes, it appears that Mr. Musk is well connected in high level political circles.

Stay tuned.

## Anne Arundel co. exec. rejects Maryland's new stormwater fee, set for July 1

Anne Arundel County Executive Laura Neuman has vetoed the stormwater fee the state of Maryland mandated for her county, saying too few residents are aware of the tax. As reported in last week's *Bulletin*, the fee, designed to pay to clean up polluted runoff into the Chesapeake Bay, would disproportionately affect businesses.

Reaction to the veto on the county council split along partisan lines, with Republicans applauding the move and Democrats opposing it. Councilman Derek Fink, a Republican, said the bill needs a lot of work. He supports a "much, much, much smaller number as a place holder" while the council discusses new fees, reported the *Baltimore Sun*.

Democratic Councilman Jamie Benoit said council members might well override the veto. "The state has given us a pretty clear mandate to deal with this by July 1," he told the *Sun*.

Members of Maryland Senate's Budget and Taxation Committee told a business group recently that the law will likely be amended, said the *Maryland Reporter*. Churches and nonprofit groups, which are also covered by the fee, are asking for exemptions. And the large car import facilities on the Port of Baltimore would have to pay \$400,000 a year, said a council member.

In a move reminiscent of the way the estate tax became the "death tax," opponents of the Maryland stormwater fee are calling it the "rain tax."

WANADA and MADA CEOs Gerry Murphy and Pete Kitzmiller, respectively, are meeting with Montgomery County Council members this week to discuss the reach, breadth and predictable tax burden the stormwater fees will have on Maryland dealers.



The recently passed stormwater fee for businesses and residences is controversial.

## Insurer seeks 25% hike in premiums for state exchanges mandated by Healthcare Reform

CareFirst, which administers BlueCross BlueShield, wants to raise premiums for individual policies in Maryland by an average 25 percent next year. Contrary to what Healthcare Reform advocates from Congress and the Obama Administration promised when the Patient Protection and Affordable Care Act of 2010 went onto the books, CareFirst says that the additional cost of insuring more people, as a direct result of Healthcare Reform, will drive the increase.

The Maryland Office of Health Reform will study the CareFirst premium request and the assumptions behind it. The office's director told the *Washington Post* she expects extensive negotiations. The higher premiums will apply *only* to the Healthcare Reform mandated state exchanges and not to coverage provided by employers.

About 13 percent of Marylanders are currently uninsured and would be covered under the new healthcare law.

## NHTSA issues distracted driving guidelines for automakers

The National Highway Traffic Safety Administration issued voluntary guidelines for automakers last week to limit distracted driving. The guidelines cover the amount of time drivers should take their eyes off the road to use electronic devices built into vehicles.

“These guidelines recognize that today’s drivers appreciate technology, while providing automakers with a way to balance the innovation consumers want with the safety we all need,” said Transportation Secretary Ray LaHood.

The guidelines recommend that electronic devices installed as part of a vehicle’s original equipment require drivers to take their hands off the wheel or eyes off the road for no more than two seconds at a time and 12 seconds total. The guidelines also recommend disabling several operations unless the vehicle is stopped and in park, including:

- Manual text entry for text messaging and Internet browsing;
- Video-based entertainment and communications such as video phoning or video conferencing; and
- Display of certain types of text, including text messages, web pages and social media content.

The guidelines come on the heels of a new NHTSA study that shows drivers using hand-held phones and other portable devices are three times as likely to get in a crash.

The Alliance of Automobile Manufacturers expressed its concern in a statement that “limiting built-in systems without simultaneously addressing portable devices could result in drivers choosing not to connect their phones in order to access the functionality they want.” The Alliance noted that NHTSA’s own data shows that 98 percent of distracted driving accidents are caused by factors other than use of a vehicle’s built-in system.

The guidelines were issued on the same day as a Texas A&M study showing that voice-activated texting is no safer than typing a text. No matter which texting method was used, drivers took twice as long to react as when they weren’t texting. And a survey by Bridgestone found that 95 percent of teens read texts and emails when driving alone, but only 32 percent do so around friends and just 7 percent when they’re with parents. The survey found similar figures for teens posting on social media sites while they drive.



A Bridgestone study found that 95 percent of teens read texts and emails while driving.

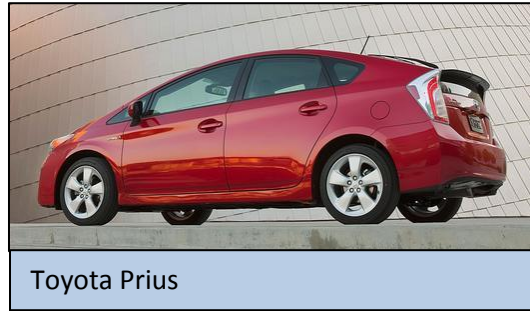
## FTC drops requirement for alternative fuel vehicle sticker

The Federal Trade Commission has dropped the requirement that new and used alternative-fuel vehicles carry a special label. NADA had advocated for the change, arguing that the FTC label duplicated information on EPA’s revised fuel economy label. The rule becomes effective May 31, 2013.

## Washington is one of ten cities with “greenest car shoppers”

Washington, DC, is the only east coast city on cars.com’s list of ten cities with the “greenest car shoppers.” Making up the rest of the list are five California cities, two in Oregon plus one in Ohio and one in Honolulu. Washington is in sixth place.

The list was based on data from cars.com visitors who searched for hybrids or other environmentally friendly cars. From 2012 to 2013, cars.com saw a 5 percent jump in searches for hybrids or eco-friendly cars and a 106 percent increase in “green” inventory.



## One in ten vehicles will be electric by 2035, study says

There will be from 5 million to 30 million electric vehicles on the road by 2035, depending on advances in battery technology, says a new study by a research arm of the Edison Foundation. In what Edison calls the medium scenario, 25 million out of 261 light-duty vehicles will be electric, Battery technology by then will cost less and perform better, the study predicts. The crecive price of oil will also drive electrification of the fleet.

In the near term, Chrysler will lose \$10,000 on every Fiat 500e electric car it sells, CEO Sergio Marchionne told the Society of Automotive Engineers World Congress. The car, which can drive 87 miles on a single charge, will have an MSRP of \$32,500 when it goes on sale this summer in California.

A 2008 MIT study looked at the feasibility of improving fuel economy in the next 30 years and concluded, “No single technology development or alternative fuel can solve the problems of growing transportation fuel use and [greenhouse gas] emissions.” Improved gasoline and diesel engines and transmissions, gasoline hybrids and vehicle lightweighting will all be needed in the near term, the study said. In the longer term, plug-in hybrids and hydrogen fuel cells may be part of the equation.

## Most oppose gas tax hike to fund road repairs, Gallup poll finds

Two-thirds of Americans would vote against a gas tax increase to pay for improving roads and bridges and building more mass transit. That was the result of a Gallup poll this month asking about a gas tax hike of up to 20 cents a gallon. The poll was conducted about two weeks after Maryland approved its first gas tax increase in 20 years. At least 17 states have recently approved or are considering gas tax increases to pay for infrastructure and mass transit, according to the National Conference of State Legislatures. Virginia, on the other hand, just passed a transportation funding package that did not include gas tax increases.

Democrats are much more likely than Republicans to support a gas tax hike. Lower and upper-income Americans are somewhat more likely to support it than middle-income earners. Westerners are most likely to support an increase, followed by Easterners. Residents of the South and Midwest are less likely to support a hike.

## New date for WANADA Open: Tuesday, June 4

The Annual WANADA Open golf & tennis tournament has been moved to Tuesday, June 4. It's still at the same great venue, the Lansdowne Resort, 44050 Woodridge Parkway, Leesburg, VA. To register for golf or tennis and/or the reception and awards dinner, [click here](#). Contact Kristina Henry with registration questions and Ralph Frisbee for sponsorship opportunities at 202-237-7200 or [kh@wanada.org](mailto:kh@wanada.org) or [rf@wanada.org](mailto:rf@wanada.org), respectively.

### Staying Ahead...

It is an ironic habit of human beings to run faster when they have lost their way.

--Rollo May

American psychologist and author, 1909-1994