

THE WANADA BULLETIN

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

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Headlines...

Along with Maryland, Virginia localities are engaged in the federal government's Chesapeake Bay Storm Water Program

Virginia DMV cautions dealers that title tax remitted after 12 noon, June 29 must reflect increased rate of 4%

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Thought for the Week...

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The storm water fee passed by Maryland last year requires property owners to pay for cleanup of runoff into Chesapeake Bay.

Like Maryland, Virginia's proximity to the Chesapeake Bay draws the commonwealth into the federal government's Storm Water Management Program to protect the quality of the Chesapeake watershed. Both states specifically are charged with implementing federal storm water run-off requirements for the Chesapeake, to include funding the cost of them.

Like Maryland, Virginia has identified certain of its localities that come under the federal requirements which are funding the cost of compliance with storm water fees that are assessed to property owners by way of their property tax bills.

The fees in Virginia have been collected by the counties, including most in Northern Virginia, for the past couple of years. What's more, the Virginia storm water run-off fees assessed by the localities don't appear to be as high as those poised for assessment for the first time by Maryland localities this coming July, 2013.

To see WANADA's May 7, 2013 letter to Maryland dealers on the upcoming storm water fees, [click here](#).

Virginia DMV cautions dealers that title tax remitted after 12 noon, June 29 must reflect increased rate of 4%

Pursuant to the passage into law of the sweeping transportation initiative in Virginia earlier this year, and the enumerated tax increases to fund it, including the title tax on vehicle sales, the Department of Motor Vehicles today cautioned dealers to take care to remit title taxes reflecting the higher rate that is effective July 1, 2013.

Referencing well established DMV policy on this, DMV alerted dealers that it will be the date and time the agency receives the title tax and not the date of sale if it's before July 1, that will determine the level of tax payment. In other words, the increased level of 4% will be required on all title tax remitted after 12 noon, June 29 (June 30 being Sunday).

For a copy of Assistant DMV Commissioner Karen Grim's memo on this, [click here](#).

MVA publishes "prior use" disclosure form for Maryland dealers Agency action confirms separate document policy for the disclosure

The Motor Vehicle Administration contacted all Maryland dealers last week about the used car sale form they have developed for those instances where a dealer is required to disclose to the customer *prior use* on a used car sale. MVA's Bulletin on May 2, 2013 from Brenda Scheydt covered the *Disclosure of Prior Vehicle Use* (Form VR-460), which has been designed by the agency to facilitate prior use disclosure by the selling dealer on the list of possibilities set forth in the Code of Maryland Regulations (COMAR 11.12.01.14M). The law requires disclosure of prior use on a used car sale for things like short term rentals, taxi service and demonstrator service. Ms. Scheydt's Bulletin and MVA's new form can be viewed by [clicking here](#).

MVA's action in developing a prior use disclosure form confirms their earlier stated position on dealer compliance with this disclosure obligation by way of a *separate document* that can supplement a vehicle buyer's order. Significantly, this debunks plaintiff's lawyer contentions put forth in earlier lawsuits against Maryland dealers that were premised upon the theory that everything related to the sale, including mandated disclosures, needed to be contained in one document.

MVA clarifies that their new disclosure form is *optional*, which is to say the disclosure can be made in another document. If Form VR-460 is used, however, the selling dealer must fill it out completely, following the instructions on the form which include attaching a copy to the tag and title paperwork submitted to MVA. A copy should also be kept by the dealership in the deal jacket.

MVA Form VR-460 can be downloaded from the "Business Services" section of their website, www.mva.maryland.gov.

Detroit brands excel as housing recovery drives pickup sales

April was a good month for the industry overall and a stellar month for the Detroit Three. Each saw double digit sales gains, thanks in large part to a boost in pickup sales propelled by the housing recovery. Overall, sales rose 8.5 percent, but pickup sales jumped 27 percent(!)

“We’re seeing continued strength of full-size pickup sales, particularly supported by the housing recovery and also the boom in the energy sector,” said Jenny Lin, Ford Motor Co.’s senior U.S. analyst.

Among foreign-owned automakers, Toyota sales dropped 1.1 percent. Its market share decreased to 13.7 percent from 15 percent last April. The company attributed the decline to a cutback in fleet sales.

“The weakening yen is giving the Japanese a lot of room to boost incentives, cut prices, pack vehicles with more content at lower prices, and increase marketing,” said Edmunds.com analyst Michelle Krebs in a report. “This will challenge Korean automakers the most.”

April wasn’t a story of unalloyed success. It saw the lowest seasonally adjusted annual sales rate (SAAR) since last October. Automakers say the reasons were fewer fleet sales and concern about sequestration.

In addition to trucks, crossover sales were strong, in many cases displacing formerly strong sales of mid-sized sedans. “Mid-sized cars have gotten smaller and more expensive because of a variety of factors,” said General Motors chief economist Mustafa Mohatarem. “People are switching to crossovers because they satisfy the family needs very well.”

Still, car sales were helped by a plethora of new product. Honda Accord took the Toyota Camry’s place as the best-selling passenger car. Luxury brands also did well, with Infiniti, Cadillac, BMW, Acura, Porsche, Lincoln and Audi all posting sales gains of 10 percent or more.

The 10 best selling vehicles in April were: Ford F-Series, Chevrolet Silverado, Honda Accord, Toyota Camry, Ram pickup, Ford Fusion, Honda CR-V, Honda Civic, Ford Escape and Hyundai Elantra.



America’s best-selling vehicle, the Ford F-Series

Future fleet mix likely to see more natural gas, propane vehicles

NADA Chief Economist Paul Taylor says widespread electrification of the U.S. fleet is unlikely because the cars and the electricity are just too expensive. Coal-fired electricity plants are being shut down by environmental regulations, Taylor says, and nuclear plants by safety concerns post-Fukushima.

That leaves natural gas, whose relative price is likely to remain low for at least the next 10 years. “Natural gas and its close competitors, such as propane, as alternative fuels bear paying close attention to because they seem likely to be a factor in the vehicle marketplace in the next 10 years,” Taylor says. “Dealerships may be offering natural gas and propane vehicles side by side with gasoline and diesel powered vehicles.”

Taylor believes natural gas will be an important factor in alternative fuel vehicles prospering in the U.S. marketplace.

Diesel outlook: growing but still a tiny segment

Clean diesel car registrations rose 24 percent from 2010 through 2012, according to a study by R.L. Polk for the Diesel Technology Forum. There are now 27 diesels for sale in the U.S., but they make up less than 3 percent of the market.

The Forum says that the number of diesel models is expected to double in the next two years. “Some analysts predict diesel sales will reach 10 percent of the U.S. market by 2020, says Allen Schaeffer, executive director of the Forum.

Automakers are pursuing a variety of technologies to meet the tougher fuel economy standards of 54.5 miles per gallon by 2025. Currently, hybrids are more popular than diesels. And diesels are much more expensive than their gasoline equivalent.

The jurisdiction with the fastest growth in all diesel passenger vehicles (cars, SUVs, pickups and vans) from 2010 to 2012 was Washington, DC (measured against all states), up 20 percent.

DOT Secretary nominee Anthony Foxx talks infrastructure

President Obama has nominated as next Secretary of Transportation Anthony Foxx, who as mayor of Charlotte, N.C., is known for working to get a streetcar built there. Senate Commerce, Science and Transportation Committee Chairman Jay Rockefeller (D-W.Va.) said he intends to move on the nomination quickly.



Infrastructure repair will be a high priority for Transportation Secretary nominee Anthony Foxx. (Photo by Will Merydith)

Finding a way to pay for repair of the nation’s crumbling infrastructure will be a high priority for the new secretary. With Americans driving less and driving more fuel-efficient vehicles, the gas tax isn’t keeping up with infrastructure needs. Congress has transferred \$41 billion from the general fund to pay for road repairs, but another \$14 billion is needed to shore up the Highway Trust Fund.

“We must work together across party lines to enhance this country’s infrastructure,” Foxx said at the White House ceremony.

Other items on the new secretary’s agenda: whether to mandate backup cameras for improved visibility, whether to require black boxes to record data in vehicles, and whether to continue outgoing Secretary Ray LaHood’s campaign against distracted driving.

Consumers want to improve fuel economy, ease connectivity

When it comes to advanced technology features for their cars, consumers are looking first for ways to improve fuel economy and next for connectivity in all its forms. That’s the major finding in J.D. Power’s recent *2013 U.S. Automotive Emerging Technologies Study*.

As for fuel economy, “higher interest among owners this year may be because these technologies are already available in some non-premium vehicles,” says the research company. Fuel economy

indicators and the active shutter grille vent (which reduces drag and regulates air flow to reach the vehicle's radiator when needed to save gas) are less expensive and more familiar than some other emerging technologies.

In the area of *connectivity*, more than two-thirds of vehicle owners in the study have a smartphone, and they want to be able to use it easily in their car. But software upgrades for technology that links devices in vehicles is behind introduction of new smartphones.

More than 80 percent of vehicle owners with smartphones are interested in buying an in-vehicle device or *app link* that would connect their smartphone to their vehicle's infotainment system. And three-fourths of those surveyed said they are interested in natural language, voice activation systems.

Hyundai says it's looking at ways to help its customers browse the Web, whether directly on the car's screen or through a smartphone that connects to the screen, according to Edmunds.com.

"A lot of people spend a lot of time sitting in their car," Brandon Ramirez, Hyundai Motor America senior group manager of product planning, told Edmunds. If they have a few minutes where they want to browse the Web, "they can do that on their small smartphone or they can do it on a larger screen." If the new technology is offered on a future model, it would be available only when the car is parked.

Kaiser finds public is badly informed on health care law

Four in ten Americans don't realize that the Patient Protection and Affordable Care Act is the *law of the land*, according to a recent poll by the Kaiser Family Foundation. Of those, 7 percent believe the Supreme Court overturned it, 12 percent think Congress repealed it and 23 percent just "don't know."

About half the people surveyed say they don't have enough information to understand how the law will affect their family. That share is higher among the uninsured and low-income, the very groups who the law was designed to benefit.

Those surveyed say their most common sources of information on the law are friends and family, online news sources and cable news.

In Kaiser's March poll, respondents also reported that they don't know anything about whether their state plans to set up a health care exchange. And more than three-fourths said they don't know whether their state plans to expand Medicaid.

Thought for the Week...

There is no such thing as a Democratic or Republican road, bridge, port, airfield or rail center.

--Anthony Foxx

U.S. Transportation Secretary nominee