

# THE WANADA BULLETIN

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

WANADA Bulletin # 18 -17

May 10, 2017

## Headlines...

House passes health care bill; Senate says it will write its own

WANADA Open is June 7 at Lansdowne Resort – Sign up now!

April sales fall 4.7% despite strong incentives; crossover sales growing

Ford, Nissan, Honda say CAFE rollback wouldn't change product plans

Trump would consider raising gas tax to pay for infrastructure

WANADA names Bob Storin as VP of Marketing

House committee passes NADA-backed bill on CFPB

Maryland is safest state for teen drivers; VA, DC in top 15

Staying Ahead...

## House passes health care bill; Senate says it will write its own



Changes in payment for pre-existing conditions was sticking point in the health care bill that just passed the House.

The U.S. House of Representatives started the long process of Obamacare repeal and replacement when it recently passed the American Health Care Act (AHCA) by a slim margin of 217 to 213. The bill's passage came a month and a half after the first attempt failed to attract the votes of both moderate Republicans and the conservative Freedom Caucus. Some Republicans said the bill that passed is imperfect, but they were anxious to get something passed.

The ins-and-outs of negotiation were widely reported in the media, from comedian Jimmy Kimmel's tearful plea for his ill infant son to

Fred Upton's (R-MI) refusal to support a bill unless it provided insureds with freedom from pre-existing conditions. An amendment spearheaded by Rep. Upton adds \$8 billion over five years to pay for those with pre-existing conditions. The final bill was passed after three hours of debate, without an analysis from the Congressional Budget Office of the bill's cost or its effect on how many people would lose or gain insurance. The earlier bill lost support from some members of Congress when the CBO said it would cause 24 million people to lose coverage.

The ACHA allows states to apply for waivers to opt out of certain requirements of the Affordable Care Act, a.k.a. Obamacare. It also allows states to apply for a waiver that would permit insurers charge five times as much for older people as it does for younger ones, up from three times as much under Obamacare.

The bill reflects Trump's philosophy that states, rather than the federal government, should make their own policy decisions. That could cause confusion for insurers that do business in several states. Maryland and DC, for instance, would likely make different decisions from Virginia.

The next move is up to the U.S. Senate, where the signal has been that the upper body will write its own bill, not work with the House version. Some observers believe that negotiators from both chambers will work on a new compromise bill. Whatever happens, the process is far from over.

## WANADA Open is June 7 at Lansdowne Resort – Sign up now!



The WANADA Open is always an enjoyable occasion.

All WANADA dealers and Kindred-line members and their guests are cordially invited to the 2017 WANADA Open, on Wednesday, June 7, at The Golf Club at Lansdowne Resort. The number of golfers is limited to 128, so register your foursomes today by clicking [here](#).

This event is a great opportunity to network with friends and associates. Those who prefer not to golf may come to the cocktail reception and dinner.

Please note the schedule:

- 9:00 a.m. Registration and breakfast
- 10:00 a.m. Practice green and driving range
- 11:00 a.m. Shotgun start
- 4:00 p.m. Cocktail reception
- 5:00 p.m. Awards dinner

For sponsorship opportunities, Kindred-line members may contact Bob Storin at [rs@wanada.org](mailto:rs@wanada.org) or (202) 237-7200.

## April sales fall 4.7% despite strong incentives; crossover sales growing

After seven straight years of growth, U.S. auto sales are finally starting to flatten out. April light-vehicle sales fell 4.7 percent, more than expected, even with hefty incentives – an average of more than \$3,000 per vehicle, said Edmunds.com – and relatively low interest rates. April sales came out at a 16.9 million seasonally adjusted annual sales rate (SAAR), below the 17.1 million NADA is predicting and higher forecasts from some automakers. A few years ago, of course, a 16.9 million sales year would have been very impressive.



Crossovers such as the Cadillac XT5 will continue to increase market share, GM said.

General Motors, for one, remains undaunted. “When you look at the broader economy, including a strong job market, rising wages, low inflation and low interest rates, and couple them to low fuel prices and strong consumer confidence, you have everything you need for auto sales to weather headwinds and remain at or near historic highs,” said GM’s chief economist Mustafa Mohatarem. And he made that remark before last Friday’s unexpectedly strong jobs report.

Ford’s vice president of sales and marketing Mark LaNeve echoed Mohatarem’s optimism, saying it was premature to predict full-year sales based on a weak showing in April. “We have to let the year play out,” LaNeve said. “I am not discouraged by the numbers.”

Buyers’ appetite for crossovers continued unabated. Kurt McNeil, GM’s U.S. vice president of sales operations, said that trend will only increase for the industry and GM. “Just five years ago, about one in four GM sales were crossovers,” he said. “Today, they account for almost one-third of our deliveries and we see more growth ahead.”

Still, interest rates are bound to increase and used car prices will likely keep declining in the coming months as more leased cars come back to market, Edmunds said. Lower used car prices mean consumers have less equity in their trade-in and may decide to buy a nearly new car instead of a new one.

Dealer inventories are also increasing. GM had 100 days’ supply at the end of April, based on the current rate of sales.

## Ford, Nissan, Honda say CAFE rollback wouldn’t change product plans



Trump is willing to commit \$200 billion in federal funds to infrastructure spending, perhaps from a gas tax increase. Photo by Anthony Inswasty.

With five to six years from planning to release of a new model, Ford already has plans in place for more fuel-efficient vehicles, no matter what the Trump administration does about fuel economy standards. So said Ford’s President of the Americas Joe Hinrichs to The Detroit Bureau. Hinrichs made that statement even though Ford CEO Mark Fields, along with other automaker CEOs and NADA, have spoken out strongly against the more stringent standards.

Besides the long lead time, the other reason that Ford will not change plans, Hinrichs said, is that the automaker will build more fuel-efficient models for Europe, China and Japan. Every developed nation besides the U.S. has more stringent fuel economy standards. And Hinrichs expects the U.S. standards will be tightened eventually, though perhaps on a slower

timetable.

Nissan and American Honda have also said that they will not change their product plans, for the same reasons.

Elimination of the \$7,500 federal tax credit for electric vehicles would have much more effect on EV demand, according to a recent analysis by Edmunds.com, reported on in last week’s

[WANADA Bulletin](#).

## Trump would consider raising gas tax to pay for infrastructure

Trump said in an interview with Bloomberg News that he is open to the idea of raising the gas tax to pay for infrastructure. He said the truckers, who would pay about half the cost, told him they would approve the idea if the money was used to upgrade and repair highways.

All sides agree that infrastructure improvement is badly needed, but no one wants to pay for it. Matters have been complicated by conservative activist Grover Norquist's success in getting many members of Congress to sign a pledge saying they would never vote to raise taxes. The federal gas tax of 18.4 cents has not been raised in more than 20 years. Several states, including Virginia, have raised their gas tax to help pay for roads.

The American Trucking Association did not make a public statement. The American Automobile Association (AAA) has long advocated a gas tax increase to help pay for infrastructure. So have the *Washington Post* and *New York Times*, which both praised Trump's statement.

During the campaign, Trump said he would propose a \$1 trillion infrastructure plan, some of it from private investment through public/private partnerships. Budget director Mick Mulvaney told Bloomberg recently the president was sticking with the \$1 trillion figure, but just \$200 billion of it would be from federal money. Transportation Secretary Elaine Chao said the infrastructure plan will likely be introduced this summer, according to the *Boston Globe*.

The AAA last week offered a list of six roadway improvements that would reduce the likelihood and consequences of crashes, at a cost of \$146 billion. In order of effect on crash reduction, the recommendations are: convert key intersections into roundabouts; install roadside barriers and clear roadside objects; add sidewalks and signalized pedestrian crossing on the majority of roads; install median barriers on divided highways; install shoulder and centerline rumble strips, and pave and widen shoulders.

## WANADA names Bob Storin as VP of Marketing



Bob Storin

On the recommendation of its CEO, the WANADA Board of Directors acted recently to name staff member Bob Storin Vice President of Marketing, an officer position in the WANADA organization. Storin was previously Director of Marketing, Events and Sponsorships, a senior position on the staff but not at the staff officer level.

“Bob has done an outstanding job of building awareness and attendance at the Washington Auto Show, as well as creating a strong financial base for the Show with his work in sponsorships and events,” said WANADA President and CEO and Auto Show Producer, John O'Donnell. “Bob's knowledge in these areas is unparalleled, and he is a key member of our team for both WANADA and the Auto Show.”

In addition to continuing his lead role on sponsorships and events, Storin is taking on additional duties in his new role for WANADA, including oversight of the advertising creative and media planning and placement for the Washington Auto Show.

Storin has more than 30 years of sales and marketing experience and is known in the profession for creating partnerships that provide a high level of benefits for all concerned. Before joining

WANADA, Storin led a sponsorship marketing agency, Storin Associates. He has also worked for television and media companies, including Comcast, CMT and Discovery Networks.

Storin is a graduate of St. Thomas University with a degree in Sports Administration. He lives in Severna Park, MD and in his spare time enjoys being on the water with his two sons.

Besides Storin, WANADA CEO John O'Donnell is supported by three other staff officers: Joe Koch, VP of Operations; Isabel Garcia, VP and CFO; and Ed Mullaney VP of Insurance Programming.

## House committee passes NADA-backed bill on CFPB

The House Financial Services Committee passed the Financial CHOICE Act (H.R. 10) that would rein in the Consumer Financial Protection Board (CFPB) and preserve the dealer discount in auto financing.

H.R. 10, introduced by Committee Chairman Jeb Hensarling (R-TX), has language very similar to the NADA-backed bill H.R. 1737, which passed the House overwhelmingly in the last Congress. The bill would rescind the CFPB's 2013 guidance to auto lenders and require any new guidance to go through an open and public process.

NADA President and CEO Peter Welch sent a letter to Rep. Hensarling urging the Committee's support of H.R. 10. "Unfortunately, consumers and small businesses are paying for the CFPB's flawed structure, via higher credit costs, less competition, and less access to auto credit," Welch wrote. "For these reasons, we urge the Committee to reform the CFPB by passing H.R. 10."

## Maryland is safest state for teen drivers; VA, DC in top 15

Nationwide, Maryland is the safest state for teen drivers, Virginia is seventh and DC is 15th, according to a recent study by CarInsurance.com.

The insurance website looked at five teen-driving metrics:

- Number of teen driver deaths per 100,000 population
- Effectiveness of graduated driver's licenses (GDL)
- Teen drinking and driving rates
- Average annual insurance costs for teen drivers, which are a reflection of the risk level for this driving group.

Maryland had just 0.3 driving deaths per 100,000 residents in 2015 and some of the strongest GDL's in the country. The rest of the top five were New York, Pennsylvania, Connecticut and Massachusetts.

### Staying Ahead...

No man will make a great leader who wants to do it all himself or to get all the credit for doing it.

--Andrew Carnegie