



THE WANADA BULLETIN

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

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Headlines...

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Thought for the Week...

Important changes in Virginia for dealers effective July 1

1. The graduated .05% year over year vehicle title tax increase that commenced in 2014 is increasing again, July 1, from 4.05% to 4.10%. Dealership data processing contractors likely on top of this from last year when the year over year increase went into effect. Dealers should take care, however, that vehicle sales and finance and insurance staff are tuned into the increase which will affect all vehicle sales starting next Wednesday, July 1 and thereafter.
2. Virginia dealer and salesperson licensing fees will rise July 1 to accommodate increased operating costs of the Motor Vehicle Dealer Board (MVDB). MVDB has raised less than half of the fees that dealers now pay. Click [here](#) to see the fee schedule, effective July 1.

MVDB is confident that the new fees will adequately meet its operating costs while sustaining firm financial footing over the next several years. In recent years, MVDB has stretched its dollars and saved money in several administrative areas, such as getting a reduced rent, buying refurbished or used equipment, using email instead of traditional mail, using electronic documents instead of paper, and streamlining work flow, said MVDB Executive Director Bruce Gould.

Some of the current fees were set in 1996, others in 2007.

Any questions can be directed to Mr. Gould at bruce.gould@mvdb.virginia.gov.

3. Starting July 1, Virginia dealers will need to destroy old copies of 12 DMV forms and replace them with new ones. Click [here](#) for a table that lists forms that have been revised, combined or made obsolete effective July 1, 2015.

MVDB has also developed a brand new form, MVDB 57, *Dealer-Operator/Salesperson Qualification Test Application*. Applicants taking the salesperson or dealer-operator tests

at a DMV Customer Service Center will complete this form before taking the appropriate test.

Again dealers should *destroy all old form stock* they have on hand. July dealer renewal applications will print on current form stock. Starting in August, all dealer renewals will be printed on new forms.

All forms listed on the table will be available online at www.mvdb.virginia.gov around June 26, but no later than July 1. Once the new forms are posted, dealers may use them. Using online, fillable forms is the easiest way to print and store only what is required. MVDB and DMV will keep only a limited supply of these forms on hand for mailing to dealers.

Questions can be directed to MVDB Executive Director Bruce Gould at bruce.gould@mvdb.virginia.gov.

Big decisions from the Supreme Court this week, but not much immediate impact for employers

Federally run healthcare exchanges in states remain in place and gay marriage is now the law of the land

The U.S. Supreme Court this week decided two big issues, each fought with intense politics, but neither apt to pose immediate challenges to employers. Specifically the Court's decision on the Affordable Care Act with respect to states taking the default position on state operated health care exchanges, like Virginia and 33 other states, will be fine with their federally operated exchanges. Correspondingly, states, like Virginia, which had not recognized same sex marriage will now be obliged to do so since the Court decided it is now the law of the land.

The ACA federally operated health care exchanges will continue under the law with the Court turning down the latest legal challenge to the law, by a decision of 6 to 3, made by those who argued that federal exchanges in states as opposed to state run exchanges, as Maryland has, will continue to get the federal subsidies that make state exchanges work to ensure coverage for the less well-off insurance consumers. In a macro sense, this latest challenge to the ACA could have shipwrecked President Obama's signature Health Care Reform law, but for the fact that the Court soundly rejected it. In a micro sense, as noted above, it will be *business as usual* with what has been a slow, if not sputtering, roll out of Health Care Reform.

With the gay marriage decision out of the Supreme Court, employers will need to take care that same sex married people are henceforth afforded the same rights in the workplace to things like employee benefits as opposite sex, married people are. Going forward in time it is foreseeable that not only gay couples, but gay persons in general will acquire "protected class" status under the equal opportunity laws.

WANADA will be working closely with NADA and the Automotive Trade Associations' network to take care that dealer members, here and nationwide, have everything they need to work through what will be required of them in the workplace in the days and years ahead.

Dealers must switch to new Family Leave Act forms

The U.S. Department of Labor (DOL) has updated its Family and Medical Leave Act (FMLA) notices and certification forms. The medical certification forms now refer to the Genetic

Information Nondiscrimination Act of 2008, a federal law that makes it illegal for employers to discriminate based on one's *genetic* information.

The revised medical certification forms caution health care providers about sharing with employers any genetic information about employees or their families. Effective May 27, 2015, dealerships must use the *revised forms* found [here](#) on DOL's FMLA page.

Direct your questions to NADA Regulatory Affairs, (703) 821-7040 or regulatoryaffairs@nada.org.

Area sales edge up slightly in first quarter; trucks outsell cars

Washington area new vehicle sales rose by just 0.7 percent in the first quarter of this year, and for the first time in several years, passenger trucks had a slightly larger share of the market than cars. Washington market figures are from WANADA's Area Report, based on R.L. Polk new-vehicle registration data, U.S. figures from Ward's Automotive.

In the current heat wave, the brutal cold in the first part of the year is a distant, bad memory. But the severe winter weather did affect auto sales, as many would-be buyers chose to put off replacing their vehicles until a warmer time. April and May sales, and WANADA's next quarterly report, will no doubt reflect that.

Washington area sales for DC and the region's 11 urban localities in the Maryland suburbs and Northern Virginia were just short of 70,000 for first quarter, 2015. Sales did start to pick up with the warmer weather of March (25,656), after the comparatively modest sales in January (21,760) and February (21,370).

Area dealers sold marginally more light trucks, at 50.7 percent of the market, versus 49.3 percent for cars. Buyers here are purchasing more trucks, SUVs and particularly CUVs, following the national trend while gas prices are low. A year ago, passenger trucks made up just 48 percent of the area market, to 52 percent for cars. As usual, trucks did better in national sales, where they were 55 percent of the market, versus cars at 45 percent in first quarter 2015.

Sales of new imports in the Washington area made up 69.8 percent of sales, a bit more than last year's 69 percent. Imports made up 77.7 percent of first-quarter *car* sales and 62.1 percent of *light trucks*. Nationally, imports eclipsed the Detroit Three with a much smaller share of 55 percent. U.S. figures are from *Automotive News*.

For the complete WANADA Area Report on first quarter Washington market new vehicle sales, WANADA members can click [here](#) and log in with an email and password.

Shoppers will keep buying larger, more costly vehicles



Consumers will continue to buy larger, more expensive vehicles like the Subaru Outback, a best seller

The increase in sales of light trucks and especially crossovers has been well documented in 2015. In an unusual move, even Washington area buyers preferred light trucks in the first quarter (see preceding article). An analysis by Edmunds.com says that trend will continue.

Several economic reasons contribute: lower unemployment, more confidence in the economy and low gas prices. "The most cost-conscious, fuel-efficient mentality from the recession and early recovery years

has faded,” said Edmunds.com Chief Economist Lacey Plache.

To predict future trends, Plache looked at the sticker prices of vehicles configured by consumers on Edmunds.com. Configuration trends, she said, inform sales trends. In the three top segments – midsize cars, compact crossovers and compact cars – the share of shoppers configuring higher-end, better equipped vehicles has risen while the share configuring lower-end vehicles has dropped.

The increase in leasing has also made it easier to acquire a new vehicle, as lease payments tend to be lower than finance payments. Leasing has been 28 percent of new-vehicle sales so far this year, making 2015 likely a record year for leasing.

The only upper end segment that has not grown is luxury vehicles, Plache said, though entry luxury SUVs are an exception.

CFPB rule will allow it to supervise captives

The Consumer Financial Protection Bureau recently published a rule that will allow agency regulators to supervise larger, nonbank auto finance companies. The rule extends CFPB’s supervision of the largest banks and credit unions to finance companies that handle 10,000 or more in loans or leases in a year. In practice, that means automaker captive finance companies. CFPB estimates it will supervise 34 nonbank auto finance companies.

CFPB said its examiners will evaluate whether finance companies fairly market and disclose auto financing terms in conjunction with their dealer credit arrangers and provide accurate information to credit bureaus, while treating consumers fairly such as complying with the Equal Credit Opportunity Act.

Vehicles will be more fuel-efficient, but will cost more

To meet fuel economy standards by 2025, vehicles will likely be lighter than expected, but will also be safer, says a new report from the National Research Council. Vehicles will be more expensive, however, as the report estimates costs to comply with the regulations amounting to \$1,181 to \$1,689 per vehicle. The new report is required by the law that created the standards, as is an upcoming midterm review by the EPA and the National Highway Traffic Safety Administration (NHTSA).

Most of the reduction in fuel consumption will come from improvements to gasoline internal combustion engines, which will continue to dominate the market through 2025. But a wide range of technologies will be needed to meet the 2025 standards, including improved transmissions, reduced mass and greater use of hybrid electric engines.

The report found that automakers will likely reduce vehicle weight more than NHTSA and EPA expected, leading to greater fuel economy benefits and greater costs than originally estimated. The downsized, turbocharged engines that are expected to replace many current ones may cost more, but produce less fuel savings than the agencies’ original analysis showed.



Hybrid electrics such as the Toyota Prius will be an important tool in meeting the 2025 CAFE regulations.

The agencies should research consumer behavior for their midterm review, the report says. Consumers do not appear to fully factor in how much money they will save on fuel when deciding how much to spend on a vehicle.

Eight in ten drivers get better fuel economy than EPA rating

An analysis by the American Automobile Association found that 8 in 10 drivers reported getting better fuel economy than the EPA rating for their vehicle. But testing revealed that driver behaviors and environmental conditions, rather than vehicle shortcomings, are likely responsible for fuel economy variance.

The biggest differences were in vehicles with manual transmissions – 17 percent higher fuel economy than EPA ratings – and diesel vehicles, 20 percent higher. Minivan owners reported fuel economy that was equal to or slightly lower than EPA ratings.

In the next phase of AAA's fuel economy testing, to be released in late 2015, researchers will measure the impact that specific driving behaviors, such as acceleration rates and idle time, have on an individual driver's fuel economy.

Driving at higher speeds also affects fuel economy, said John Nielsen, AAA's managing director of the Automotive Engineering and Repair Division. "Driving just five miles per hour above 50 is like paying an additional 19 cents per gallon for gasoline," he said.

Dealership showroom displays photos of kids for adoption

Park Place Infiniti in Las Vegas has found a way to help the community through a showroom display. Through a partnership with the Adoption Exchange, the dealership has set up its own Heart Gallery, a display of photos of local children in foster care waiting for families to adopt them.

The store is displaying the photos for the public at its newly expanded showroom from June 11 through mid-July. A local TV news channel did a segment about the partnership.

More service department customers have visited the showroom since the display went up, General Manager Joe Tortomasi told Edmunds.com. He said at least one child has been adopted every year the Heart Gallery has been displayed in various locations, including local malls. This marks the first year Park Place Infiniti has shown the photos.

The dealership also sponsors the Adoption Exchange Annual Monopoly Tournament and fundraiser in the fall. It features a cocktail reception, dinner, silent auction, awards and a one-hour Monopoly tournament.

The website for the dealership's program is www.parkplaceinfiniti.com/dealership/enewsletter.htm

2015 Membership Directory published and distributed

The 2015 edition of WANADA's Membership Directory and Year Book has been published and was distributed to all WANADA members and business associates last week. In addition to having a handy reference list of all WANADA dealer, Kindred-line and associate members, the Directory also contains list of association leaders, staff, and coalition partners. There are also highlights of WANADA activities, industry events, and things going on in the

Washington area automobile business. New this year, WANADA's bylaws were published in separate publication that was mailed out with the Directory.

Anyone with questions or comments about the Directory, as well as anyone desirous of additional copies may contact the editor Joe Koch, (202) 237-7200, or jk@wanada.org.

Optional holiday hours signs for WANADA dealers over the July 4th weekend

Earlier this week, WANADA mailed out optional holiday hours posters to dealer members and some Kindred-members, on which to indicate any special business hours to customers over the upcoming July 4th weekend. The national holidays being observed this year by federal offices, financial institutions and many private businesses will be Friday and Saturday, July 3 thru July 4.

Any WANADA Dealer desires of obtaining more than the two signs per store that were distributed may contact Kathy Teich, kt@wanada.org or (202) 237-7200.

Thought for the Week...

Every fiber in my body hurts, and I will never be the sameBut may God have mercy on you!

--Felicia Sanders, to the alleged killer of her son, who died trying to save his aunt in the mass shooting at Emanuel AME Church in Charleston, SC on June 17, 2015.

WANADA's thoughts and prayers are with the families of those who died in the church.