



THE WANADA BULLETIN

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

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NADA leads U.S. dealer support of Louisiana dealer disaster victims

In response to NADA's call to arms on the well publicized Louisiana weather disaster, WANADA has joined dealer associations across the U.S., through the Automotive Trade Associations network (ATAE), in support of dealers in Baton Rouge who recently fell victim to unprecedented violent weather and flooding leading thousands stranded and homeless. Mobilizing its Emergency Relief Fund, which exists precisely for these kind of disasters, NADA is channeling hundreds of thousands of dollars from its own Charitable Foundation along with dollar donations from ATAEE dealer associations—like WANADA—and contributions directly from individual NADA dealer members across the country.

For everyone's information we present, below, the compelling letter from NADA's President Peter Welsh to all of us dealer associations in ATAEE:



Dear Fellow ATAEEs:

I spent a good part of this week in Baton Rouge with Louisiana ATAEE Will Green taking stock of the recent flood damage in that ravaged area. Although only a half-dozen or so area new-car dealerships suffered flood

damage, it is a vastly different story for hundreds of dealership employees and their families, most of whom live in flooded areas.

Because the affected areas were not in flood zones, most homeowners and renters do not have flood insurance, and the maximum FEMA payout will be capped at around \$30,000 (with the average payout at around \$10,000).

Based on the number of applications that are now rolling in and Will's assessment on the ground, we anticipate that more than 1,500 dealership families will be applying for NADA Emergency Fund relief. Moreover, because of the severity of the flooding and lack of insurance, we believe that the vast number of relief applications will qualify under our current grant rules for a \$1,500 relief check.

On Tuesday, Will and I helped hand out \$40,000 in Fund checks to 29 employees at just one Baton Rouge dealership. Another local dealer told me that he has over 140 employees who lost their homes and that their applications will be arriving soon. Most of these folks have lost everything, and the stories of personal tragedy we heard are gut-wrenching.

We think that Fund demand will exceed \$2 million, and the Fund balance is currently around \$325,000. To fill the expected gap, I have been charged with initiating a nationwide fundraising campaign that we launched this week. We are asking each dealership in the country to contribute \$1,000 to the Fund in order to "adopt" a devastated Baton Rouge dealership family. Because Will does not have a separate Fund, we agreed to run all relief efforts through the NADA Fund.

In this respect, I need your help to get the word out to our mutual members. **My ask: please consider placing our fundraising materials on your website and talk it up when you interact with your members.** I'm told that a number of you have also pledged funds from your own coffers (Kansas City, \$10,000; Shreveport, \$10,000; Oklahoma, \$10,000; Ohio, \$10,000; and Cleveland, \$5,000). Needless to say, any contributions will be greatly appreciated, and on behalf of the Baton Rouge dealership families that have been flooded out of their homes, **thank you for your support!**

Attached is our initial video plea for help, which will be followed next week with another video. Please post the video and graphic below on your website and make sure they link to www.nada.org/emergencyrelief (if you need logistical support, please contact Matt Aukofer in our Public Affairs department at 703.827.7409) and disseminate it as you see fit. If you have any questions, please let me know.

THANK YOU IN ADVANCE FOR YOUR HELP!

Peter Welch
President, NADA

So here is what WANADA's Executive Committee urges our WANADA membership to do: Consider making a tax deductible contribution from your dealership to this worthy U.S. dealer effort! Individual dealer contributions can be done online at www.nada.org/emergencyrelief, or checks can be drawn and mailed to NADACF Emergency Fund, at NADACF, 8400 Westpark Drive, MS7, Tysons, VA 22102

AND God Bless you for your consideration!

WANADA area sales up 12 percent in second quarter

Washington area auto sales rose by a robust 12 percent in the second quarter and a solid 8.3 percent through June compared with a year ago. That performance is much stronger than

national sales, which increased 1.4 percent in the first half of the year. Area figures are from the WANADA Area Report from R.L. Polk. U.S. figures are from *Automotive News*.



Washington area auto sales: the gift that keeps on giving.

Area sales for the 11 counties and DC for the year’s first half show that 2016 sales will likely top last year’s total of 326,516, as sales through June reached 169,665. The strongest sales month was May, at 34,782, followed by June (33,420) and April (28,792).

With gas prices remaining low the first half of the year, area truck sales topped 55 percent of vehicle sales. Any figure above 50 percent is an historic anomaly for the Washington area, but is becoming the norm in an era of low fuel prices. Area light truck sales first reached 50 percent a year ago, in the first half of 2015.

One trend that has not changed is the popularity of imports among area buyers. They made up more than 66 percent of

sales in the first half of the year.

For the full WANADA Area Report for the second quarter, click [here](#) and sign in to the *members only* section of the WANADA website.

Maryland funds for plug-in EVs for FY 2017 almost gone

The Maryland Motor Vehicle Administration advises dealers that the allotted funds for plug-in electric vehicles for fiscal year 2017 are nearly depleted. Once funds are gone, the program will end and the MVA will not accept or process any excise tax credits for plug-in electrics. *It is important that dealers take care that sales rep understand this to ensure customers are aware of this information before their purchase.*



Buyers of the Nissan Leaf and other plug-in electrics will no longer be able to get tax credits in Maryland this year.

The MVA will issue another bulletin – and WANADA will advise dealers – once funds are gone. The program is set to end June 30,

2017 unless it is extended during the 2017 session of the Maryland General Assembly.

Those with questions may call MVA’s Refund Department at 410-768-7346.

U.S. August sales fall after six years of increases

As most analysts predicted, U.S. sales for August slowed, falling 3.5 percent, in what many believe is the start of a plateau that could end a six-year run of rising sales. The seasonally adjusted annual sales rate (SAAR) was just below 17 million for the first time in many months.

Two of the Detroit Three saw sales drop, with Ford falling 8 percent and General Motors down 5 percent. Fiat Chrysler, using more incentives, posted a 3 percent increase. The major Japanese manufacturers, stronger in cars than the crossovers and light trucks that currently dominate the market, all saw sales decrease.

Auto sales continue to be driven by low fuel prices and solid employment and housing. Some analysts say those factors mean there's still room for auto sales to grow; others say weak auto sales when those conditions are present are a bad sign for future sales.

Transaction prices rose, hitting an average of \$34,143 in August, Kelley Blue Book estimated. But, said KBB analyst Tim Fleming, "incentives also have steadily climbed, and the ratio of incentive spend to average transaction price is at its highest point since 2009, at 9.3 percent." Automakers will soon need to moderate incentives and production so they can maintain residuals, he said.

A Dealer Guide to the Updated OSHA HazCom Standard

A Dealer Guide to the Updated OSHA HazCom Standard (L22) is now available at no charge to NADA and ATD members at [NADA University Online](#). This new guide explains compliance with the Occupational Safety and Health Administration (OSHA) Hazard Communication (HazCom) Standard, which requires employers, including dealerships, to provide chemical hazard information to employees potentially exposed to such hazards in order to protect them from chemical-related injuries or illnesses. In most dealerships, the standard covers service, parts, body shop and detail personnel.

The rule requires dealerships to inventory their hazardous chemicals; implement written HazCom programs; obtain, file and maintain accessibility to Safety Data Sheets (SDSs) for each chemical in the workplace, and train employees on the safe handling of hazardous chemicals. The guide discusses the purpose, scope and application of the standard, including labels and other forms of warning, enforcement, and resources for compliance assistance.

NADA members have free access to the HazCom guide [here](#). Non-members can buy the guide by calling NADA Customer Service at 800.557.6232.

NHTSA proposes requiring electronic notice for recalls

In an effort to increase the recall repair rate, the National Highway Traffic Safety Administration (NHTSA) has proposed requiring automakers to notify vehicle owners electronically. Emails, text messages and social media would all be acceptable, in addition to TV and radio messages. Automakers would still need to send recall notices by first-class mail.

NHTSA Administrator Mark Rosekind has often said he's disappointed with the low recall repair rate. The problem was exacerbated with the Takata airbag recall because a shortage of parts meant in many cases dealers could not do the repair when the recall notices were initially sent.

The notice was published in the *Federal Register* September 1. The proposed rule was required by the highway reauthorization act passed last year.

Safety group warns GM dealers not to sell CPO cars under recall

The advocate group, Center for Auto Safety, has said that General Motors and its dealers should not be allowed to sell unrepaired vehicles with outstanding safety recalls under its certified pre-owned (CPO) program.

"There is no place in a CPO program for vehicles with open recalls which endanger the life of anyone who buys such a vehicle," the Center said in a letter to the U.S. Attorney for the Southern District of New York. A proposed consent agreement between the Federal Trade Commission and GM would "emasculate" a provision of an agreement the FTC reached with GM last September by allowing vehicles under open safety recall to be sold as CPO vehicles, the Center said.

Amazon adds website for car research, comments



Amazon Vehicles is a car research site and community forum – so far.

No one should be surprised that Amazon has opened a website for researching cars. The Internet giant has not said whether it will try to move into selling cars online. But such a move would certainly fit with the retailer's seemingly limitless ambition.

The company describes Amazon Vehicles as “a car research destination and automotive community that makes it easy for customers to get the information they need when shopping for vehicles, parts and accessories.” The new site is billed as both a research vehicle and a community forum.

Consumers can use the site to browse thousands of reviews, including uploaded images and videos, and submit their own. Amazon Vehicles is an extension of the Amazon Automotive store, which enables customers to add information about their current car to the Amazon garage for shopping parts and accessories designed for their vehicle.

3 Congressmen ask for more time to comment on CAFE rules



With consumers' preference for buying light trucks, such as the Ford F-150, meeting stringent fuel economy standards by 2025 will be hard.

The chairman and two members of the House Energy and Commerce Committee have asked for an extension in the public comment period for the draft midterm evaluation of fuel economy standards for MY 2022 to 2025.

The draft report, written by the Environmental Protection Agency, NHTSA and the California Air Resources Board, was released in July and reported on in a previous [Bulletin](#). The report said that automakers would likely not meet the fleetwide goal of 54.5 mpg by 2025, thanks to consumers' increasing preference for SUVs and light trucks as gas prices stay low. But the agencies do not plan to change the fuel economy goal. Automakers and

NADA have expressed concern about meeting the 2025 goal, with NADA saying that it will price consumers out of the market.

Comments on the draft report are being accepted until September 26. The Congressmen – Chairman Fred Upton (R-MI), Ed Whitfield (R-KY) and Michael C. Burgess (R-TX) – have requested an extension of the comment period to November 26. (Rep. Whitfield later announced his resignation from Congress as of September 6, following an ethics investigation last year.)

“The current comment period does not provide the necessary time for an adequate public review,” the Congressmen wrote in a letter to NHTSA and EPA. “The Draft [report] exceeds 1,000 pages in length, contains extensive technical information and references a large number of supporting documents.”

Consumers interested in leases under 24 months

A new survey from Swapalease.com shows that car shoppers are more interested in shorter-term lease options than the traditional 36-month lease. An online survey presented to more than 2,500 drivers across the country shows that roughly 70 percent of those polled would like lease terms of 24 months or less as an option by their dealer.

The survey was inspired in part by Uber's recent decision to lease cars to drivers in 30-day increments. As many as 74 percent of those polled said a 30-day lease is something they are "maybe" or "absolutely" interested in. Women are more interested in leasing a compact car, hybrid or crossover during that time, while men would prefer a premium luxury or sports car.

"Short-term lease options are becoming more popular and will eventually be part of what's offered at a dealership simply because of where consumer preferences now exist," said Scot Hall, executive vice president of Swapalease.com.

Where do Maryland, Virginia stand in car expenses?

Maryland and Virginia may not be the most expensive states to own a car, but they're up there. Virginia is in 8th place (yes, the car tax is one reason), and Maryland is #15. DC is not on the list, which is based on a study by Insurance.com.

Maryland has a five-year ownership cost of \$23,856. It is the third most expensive state for maintenance, with the average minor repair costing \$419.37 and the average maintenance, \$821.04. And it has the 8th highest insurance cost, \$1,610 a year.

Virginia has a five-year cost of \$25,351. It has a second highest average car registration cost in the nation, at \$41 for registration plus a 1.79 percent personal property tax.

To determine ownership costs, the study authors looked at the cost of gasoline, insurance, maintenance, registration and sales tax in each state. The most expensive state to own a car is Wyoming (five-year cost of \$31,587) and the least expensive is Hawaii (\$17,289).

Thought for the Labor Day week ...

A hundred times a day I remind myself that my inner and outer life depend on the labors of other men, living and dead, and that I must exert myself in order to give in the same measure as I have received and am still receiving.

--Albert Einstein

