



# THE WANADA BULLETIN

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

WANADA Celebrating 100 Years of Service (1917-2017)

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## Headlines...

**GM's recent policy about dealers using non-GM parts and non-GM service contracts gets dealers' attention**

**Registration opens for Public Policy Days at 2018 Washington Auto Show**

**Come to *Black's Bar* in Bethesda for WANADA Happy Hour, Sept. 28**

**NADA testifies at EPA hearing on midterm review of CAFE rules**

**House passes bill on autonomous cars, with franchise protections**

**Staying Ahead...**

## **GM's recent policy about dealers using non-GM parts and non-GM service contracts gets dealers' attention**

(Reprinted from WANADA Special Bulletin to GM dealers earlier this week)

A fair amount of concern has been expressed across the country in recent weeks regarding communications from General Motors to its dealers about repairs and maintenance being performed on GM vehicles for customers by dealers utilizing non-GM parts and non-GM service contracts. While acknowledging the GM dealer's right to use non-GM parts and non-GM service contracts with customers, the automaker nonetheless has prescribed a stringent disclosure regime that it insists its franchisees implement when non-GM parts and non-GM service contracts are utilized. These disclosures have been found by many, including NADA, to be overstated and beyond the terms of the GM Dealer Sales and Service Agreement when they present such things as the risk of unsuccessful repairs and maintenance to the customer's vehicle when the servicing dealer uses non-GM parts and non-GM service contracts. In addition, the sanctions GM says it will impose on its dealers for failing to implement the disclosures when non-GM parts are used has been found by many to be heavy handed, if not illegal.

Besides NADA, any number of state dealer associations across the country has taken exception to GM's approach here, including MADA and VADA, both of which have written GM about the likely violations of Maryland and Virginia law. Despite the registered dealer protests, GM appears to be steadfast in its non-GM parts and non-GM service contract policies with franchisees.

What follows are things GM dealers should consider with these new policies:

1. If you use GM parts and GM service contracts on maintenance and repairs, it's *business as usual* and no issue.
2. If there are circumstances in the future where you will not be using GM parts for maintenance and repairs, and you believe you can live with the automaker's new disclosure format, go for it and see how it works.

3. If you will be using non-GM parts and non-GM service contracts on customer vehicle maintenance and repairs and would like a modified customer disclosure format, present it to the factory and see if they'll work with you. If they will not, and you believe an alternative approach is consistent with the GM Dealer Sales and Service Agreement and appropriate for you and your customer, take NADA's advice and talk to your lawyer before going forward. GM could well be stepping beyond their bounds with this policy, but recall that no court or regulatory authority in Maryland or Virginia has yet determined that to be the case. Will GM reconsider its position in this matter, with or without NADA and the dealer associations' prompting, and come forward with a posture more palatable to all their dealers? Maybe, maybe not.
4. As it stands today, GM dealers can follow GM's policy on non-GM parts and non-GM service contracts or not, recognizing that not to do so opens the door to sanctions the automaker said it will impose on their dealers who don't comply.

For its part, WANADA will continue to monitor the situation in tandem with NADA, MADA and VADA and keep members informed of all developments when they occur.

## Registration opens for Public Policy Days at 2018 Washington Auto Show



After its successful debut at the 2017 Washington Auto Show, MobilityTalks International<sup>®</sup> will return as part of the Public Policy Days at the 2018 show. By creating a premier conference on connected and autonomous vehicle regulation, WANADA has been in the forefront of this exciting industry trend. What better venue than the nation's capital, where much of the action on connected and autonomous vehicle is happening at the U.S. Department of Transportation and on Capitol Hill? Click [here](#) to register for MobilityTalks International.

MobilityTalks International will take place January 23 to 24, followed by Media Day, with a full day of announcements from automakers on January 25. The Public Days of the Auto Show will run 10 days from January 26 to February 4. Click [here](#) to register for Public Policy Days.

The Washington Auto Show is taking steps to improve and expand its communications efforts. The show is the largest consumer event of any kind in DC, and is known on the industry's auto show circuit as the Public Policy Show.

Joining the Auto Show staff as communications manager is Mike Bushnell. Bushnell has previously worked for associations and nonprofit organizations and on Capitol Hill. He is experienced with standard and digital communications.

The Auto Show has also chosen Hosford Communications as its agency of record. Agency principal Chris Hosford will report directly to Auto Show President John O'Donnell and will work with his team in Washington to support all aspects of the show's communications, including branding and MobilityTalks International.

"The show is expanding its branding efforts on many fronts, including our communications outreach," said O'Donnell. "We are entering a new era for the show and it is critical that we communicate this to the many organizations and individuals that the show touches."

Hosford has more than 30 years of communications experience in the automotive, fuels and sports marketing fields. He was on the public relations team for Chrysler Corporation and later became head of corporate communications for Hyundai Motor America.

The Show also announced its partnership with Social Driver, one of the leading digital and social media agencies in the Washington area. Social Driver clients include the Elizabeth Dole Foundation's Hidden Heroes Campaign, American Honda Motor Company and Children's Hospital Association. The firm is known for the effectiveness of its social media war rooms and immediacy of the content it provides.

### **Come to *Black's Bar* in Bethesda for WANADA happy-hour, Sept. 28**

All WANADA dealer members are cordially invited to join colleagues and friends for a special happy-hour at *Black's Bar & Kitchen* in Bethesda, MD, on Thursday, September 28 from 5:00 to 7:00 p.m. Cocktails and *hors d'oeuvres* will be served, compliments of Kindred-line member, Penney Design Group, the event's sponsor.

There is *no charge* for the event, but to give organizer a head count, please click [here](#) if you plan to attend. Once again, here are the details:

5:00 to 7:00 p.m. Thursday, September 28  
*Black's Bar & Kitchen*  
7750 Woodmont Ave.  
Bethesda, MD 20814

This is the first in a series of after-work happy-hour events for WANADA members, and we hope all members will consider attending! For any Kindred-line members who are interested in sponsoring a member happy-hour in the future, please contact Bob Storin at 202-237-7200 or [rs@wanada.org](mailto:rs@wanada.org).

## NADA testifies at EPA hearing on midterm review of CAFE rules



With more consumers buying trucks and SUVs, like the Honda Odyssey, NADA says EPA should revise fuel economy standards set in 2012.

Regulators reviewing fuel economy standards through model year (MY) 2025 that were put in place in 2012 should reconsider the standards in light of consumer realities in the showroom. That was the message from Rhett Ricart, chairman of NADA's regulatory affairs committee, at an EPA hearing in Washington last week.

The hearing is the only one that EPA will hold on the midterm review of the greenhouse gas emissions rules. When

the rules – which require automakers to sell fleets averaging 54.5 mpg by MY 2025 – were set in 2012, the country was looking at a very different automotive landscape. More consumers were buying cars instead of the SUVs and light trucks that dominate the market today. The industry agreed to the standards partly because they were anxious to have a single national standard rather than the patchwork of state standards that was starting to emerge.

Built into the rules was a midterm review, to be completed by April 2018. The review was to include input from all stakeholders, including the auto industry. EPA received a great many comments last year. Just before President Trump took office, the EPA said it had found that automakers were on track to meet the standards, which would go into effect as scheduled. The industry felt blindsided and said the decision was rushed out.

President Trump announced early in his term that he would reopen the midterm review. Last month, he said he would extend that review one year earlier, to MY 2021. The reopened midterm review was the reason for the September 6 hearing. NADA had sent comments last year saying that the standards set in 2012 may not be feasible in the current market. Ricart reiterated that point last week.

“Government policies mandating vehicles that fail to meet the needs, desires, or financial constraints of customers will force them to opt for driving what they have or buying used,” Ricart said. “And if that happens, we all lose.” Some estimates have found that the current federal standards could add as much as \$2,000 to the price of a new vehicle.

Ricart also spoke of the importance of a single national fuel economy program. California has a waiver that allows it to set stronger standards than the national ones, and several other states, including Maryland, and DC, have announced that they will follow the California standards.

The Alliance of Automobile Manufacturers also testified, as Chris Nevers, vice president of energy and environment, emphasized costs and consumer preferences.

“To keep costs reasonable for buyers and maximize future production levels and fleet turnover, it is vital to clearly focus on consumer preferences and market realities,” Nevers said.

Environmental groups at the hearing expressed their strong support for the current standards. They said a thorough midterm review had shown that automakers are on track to meet the standards.

Thirteen state attorneys general, including those from Maryland and DC, have said they will sue the Trump administration if the standards are rolled back (Click [here](#) for the June 27 report in the *WANADA Bulletin*). With Trump having said earlier this year that “the assault on the American auto industry is over,” EPA Administrator Scott Pruitt confirmed this by saying, “chances appear good that the standards will be rolled back.” NADA has said it will submit written comments to EPA by the October deadline.

But environmental groups are fighting hard. The day after the EPA hearing, three environmental groups sued the National Highway Traffic Safety Administration (NHTSA) for delaying a rule that would increase penalties for automakers that violate fuel economy standards.

The groups – the Sierra Club, Natural Resources Defense Council and the Center for Biological Diversity – said NHTSA lacked authority to delay the penalty increase and ignored requirements that give the public a chance to comment. Last year, the Obama administration raised the penalty from \$5.50 to \$14 per tenth of a mile per gallon, to account for inflation.

## House passes bill on autonomous cars, with franchise protections



Many more versions of this self-driving Prius would be allowed on public roads under a bill passed by the House.

The House unanimously approved a bill, H.R. 3388, that gives wide latitude to automakers to test their autonomous vehicles on public roads, but still includes state franchise protections for dealers.

The bill would allow automakers to put up to 25,000 autonomous vehicles on public roads in the first year without meeting existing safety standards. That number would rise to 100,000 vehicles a year over three years. Before the vehicles can be driven, however, automakers must prove to federal regulators that the cars are as safe as conventional cars.

States would not be able to block the autonomous vehicles, as federal regulators will have the final say. Automakers were anxious to avoid the patchwork of state laws that was already starting to form, with California having especially strong controls.

Most important for dealers, the bill would *not* pre-empt state franchise laws, as an earlier version of it would have. NADA worked with lawmakers to ensure those protections would be preserved and many dealers lobbied for them.

NADA is working with a bipartisan group of senators who will introduce a draft version of the House bill in the Senate soon. NADA urges dealers to meet with their senators to explain how important dealer franchise laws are to their businesses, their employees and their communities. The final self-driving cars legislation should include clarifying language, such as that in H.R. 3388, that explicitly provides that state vehicle licensing and franchise laws remain intact and are not pre-empted.

### **Staying Ahead.....**

I don't measure a man's success by how high he climbs,  
but how high he bounces when he hits bottom.

--Gen. George S. Patton Jr.

