

# 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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Staying Ahead...

## Maryland paid sick leave now in effect; check for compliance



All businesses with 15 or more employees must give five paid days of sick leave per full-time worker.

The Maryland paid sick leave law took effect Feb. 11, 2018. All businesses with at least 15 employees must provide five paid days of sick leave to each full-time worker. Sick leave may be taken for illness, domestic violence, assault or stalking. Independent contractors and workers under 18 are not covered. Dealers should review their policies to make sure they are in compliance.

The Senate voted to delay the effective date until July 1 to give businesses more time to prepare, but the House did not agree to a delay. The Hogan administration said it expects to issue

enforcement guidelines in the next few weeks, according to the *Washington Post*.

Some questions remain, such as how many hours a person needs to work to receive sick leave. Montgomery and Prince George's counties already have sick leave laws, and dealers in those counties need to figure out whether the state law adds new requirements.

## Dealer issues in Maryland Assembly

The Maryland General Assembly legislative session is now in full swing. It is the final session of a four-year term, with Gov. Larry Hogan and all legislators up for primary elections in June and full elections in November. That means citizens can expect much political posturing for the rest of the session.

It does not look like a big year for dealer issues in Annapolis. But there will be legislation to restrict automaker access to customer data owned by the dealership. No hearing has been scheduled yet. But the legislation is coming forward.

There is an important big-picture business tax issue. As a result of last year's federal tax changes, analysts estimate that surplus personal and corporate income tax just under \$500 million will be collected. The question before the legislature and governor is whether to return some or all of those funds to the taxpayers, or use the funds for services, or some combination of the two.



Maryland State House: Few dealer issues this year.

Gov. Hogan and some legislators have promised to return every dollar of the surplus revenue to taxpayers. As the state budget is completed in the next 60 days, it is unclear how much money will be returned. More specifically, it would be hard to figure who is paying how much more and who should receive how much money back.

Stay tuned...

## Maryland MVA makes changes in tag and title processes

The Maryland MVA is making changes to the tag and title procedure to offer a streamlined process and quicker response time. The changes below took effect **Feb. 1, 2018**.

1. All tag and title applications will now be accepted via email. The address to email applicants to is [mvablcsd@mva.maryland.gov](mailto:mvablcsd@mva.maryland.gov). If fax is a better option than email, dealers may continue to fax all applications to (410) 768-7602.
2. Dealers with more than one location may now list all their locations using this [addendum](#) to the tag and title business application. Doing so allows title service agents to work at the locations listed, *provided the locations have the same business name and same FEIN number*.
3. Title service agents can now be authorized to use ERT with the MVA license ID photo receipt instead of waiting for the photo card. Once the title service agent takes the photo for the license ID, the receipt should be sent along with a copy of a photo ID to [mvablcsd@mva.maryland.gov](mailto:mvablcsd@mva.maryland.gov).
4. Tag and title agents are no longer required to send in with their bundle reports for registration renewals copies of driver's licenses and signed registration renewal forms.

Dealers with questions or concerns, can contact the MVA at (410)787-2950 or email [mvablcsd@mva.maryland.gov](mailto:mvablcsd@mva.maryland.gov).

## Virginia legislation ends double inspection of dealer exchanges

An amendment to a bill before the Virginia General Assembly will eliminate the requirement for a pre-delivery inspection on dealer exchange vehicles, since those vehicles already passed a safety inspection when they arrived at the dealership to be sold new. The amendment exempts from inspection any new vehicle that passed a safety inspection and displays a valid inspection sticker in the window.

This helpful legislation was the work of VADA, supported by WANADA.

The House of Delegates and state senate have a Feb. 22 deadline for each to write a budget. After that, work will begin on reconciling the two versions into one budget for the state. Virginia budgets, unlike the federal budget, need to be balanced.

## WANADA offers workshops on leadership, F&I



Watch for WANADA workshops in February and March.  
Photo by BDEngler.

With the 2018 Washington Auto Show in the rear view mirror, WANADA will continue to offer educational opportunities to dealer member staff, with workshops coming soon on leadership training and on finance and insurance. Details are below.

### Leadership training

“Battle-Proven Leadership Training with USMC Top Gun Pilot and Instructor David Berke” is scheduled for today, Feb. 22. The workshop will take place at the Westin Tysons Corner in Falls Church, VA. Call Kathy Teich at the WANADA office for information,

(202) 237-7200, kt@wanada.org.

### F&I Certification workshop

The next workshop will be an F&I Certification Workshop on Tuesday, March 13, from 9 a.m. to 5:00 p.m., at WANADA headquarters, 5301 Wisconsin Ave., NW, Suite 210, Washington, DC. This comprehensive, popular seminar is once again put on by WANADA Kindred-line member, JM&A Group. The cost to attend it \$199 per person for WANADA members.

WANADA’s F&I workshop is important to F&I professionals for many reasons. In today’s intense regulatory environment, dealership legal compliance has become a hot topic. Consumers have access to an abundance of information about dealership operations and the car buying process, and are quick to take legal action if they feel that they are not being treated properly. Additionally, federal regulators and state attorneys general are taking steps to ensure that automobile dealerships act in a legally compliant, transparent manner. So it is vital not only to understand the laws that affect dealerships, but also to learn how to conduct business in a way that complies with the law.

The laws to be covered in the session include the following: unfair and deceptive trade practices and fraud; currency transaction reporting; the Truth-in-Lending Act and Regulation Z; consumer leasing requirements and Regulation M; Equal Credit Opportunity Act and Regulation B; the

Fair Credit Reporting Act; Gramm-Leach-Bliley Act; the Magnuson-Moss Warranty Act; the USA Patriot Act; and the Office of Foreign Assets Control (OFAC).

The workshop also touches on best practices and legal information specific to Maryland and Virginia.

Participants will take a multiple choice test at the end of the session and receive compliance certification upon passing it.

To get your questions answered, contact Kathy Teich at [kt@wanada.org](mailto:kt@wanada.org), or (202) 237-7200. WANADA dealers may register by clicking [here](#).

### **Save the date!**

## **MADA/VADA/WANADA Reception at NADA Convention, March 23**

All Maryland and Virginia dealers attending the 2018 NADA Convention in Las Vegas next month are cordially invited to stop by the MADA/VADA/WANADA Reception at the TopGolf club on Friday, Mar. 23, 6:30 to 8:30 p.m.

The MADA/VADA/WANADA party at NADA is widely regarded as one of the best at the Convention, and this year promises to be no exception. The TopGolf venue this year is spectacular, located at 4627 Koval Lane. There is no need to register – just show up, ready to mingle with old friends and meet some new ones!



The event is generously sponsored by Armatus, Chesapeake Petroleum, Charapp & Weiss LLP, Cox Automotive, DHG Dealerships, JM&A Group, Rifkin/Weiner/Livingston LLC, SunTrust, and TrueCar.

## **CBM/CPAs analyze how new tax law will affect dealers**

Councilor, Buchanan & Mitchell (CBM), WANADA's Kindred-line member and acclaimed accounting firm, specializing in auto dealerships, has written an analysis of the Tax Cuts and Jobs Act that passed Congress in December. Most of the law's provisions took effect Jan. 1, 2018, and many of them impact new car dealerships.

For CBM's full analysis, including information on the business interest deduction, bonus depreciation and qualified improvements to property, click [here](#).

## **Hyundai dealer alert on future sales & service of Genesis cars**

Hyundai Motor America last week sent its dealers a letter explaining its plans to separate Genesis into its own brand. The letter included a Settlement and Release Agreement. In exchange for a **full** release of any right to the Genesis product in the future, HMA is offering its dealers a cash payment based on the number of Genesis vehicles retailed in 2017. Dealers have until *March 12, 2018*, to execute the agreement, or it is withdrawn.

Hyundai dealers should carefully consider the agreement with legal counsel, in the context of their state franchise laws, before executing the agreement. State motor vehicle franchise laws generally prohibit a manufacturer from making a change to the distribution system of their product without first offering their existing dealers the right to that product under the new distribution system. There is a strong argument to be made that this is exactly what HMA proposes to do by removing the Genesis vehicles from the Hyundai franchise and redistributing them through a new distributor (Genesis Motors America).

Indeed, the basis of a dealer challenge to HMA is that the dealer made a substantial investment in the Genesis product, and taking those vehicles away and giving them to other dealers is unfair.



Genesis G90 at the Super Bowl Experience Driven by Genesis.

Many Hyundai dealers signed the Genesis Participation Agreement, which contained a provision waiving the dealer's right to a future Genesis franchise. But there is a strong case to be made that the waiver is void because it required the dealer to waive rights it otherwise had under state franchise law.

Dealers considering signing the Settlement and Release Agreement may want to consider these several points:

- The agreement states that dealers who sign it will not apply to become Genesis dealers. There is no time limit on that restriction, and it appears to apply to all a dealer's Hyundai points.
- Any dealer who signs the agreement, additionally, consents not to continue doing service work on Genesis vehicles in that market.
- HMA reserves the right to terminate the agreement, and take back all settlement money paid if Genesis Motor America does not receive a license to operate in the state or if their redistribution plan is successfully challenged in court.

Here again, Hyundai dealers are urged to seek legal counsel on this matter. WANADA Kindred-line member and auto dealer lawyer, Mike Charapp, has outlined some of his thinking for Hyundai dealers on HMA's Genesis plan that can be accessed by clicking [here](#).

### Staying Ahead...

Whoever is careless with the truth in small matters cannot be trusted with important matters.

--Albert Einstein