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More dealers may owe state taxes after Supreme Court ruling

A recent U.S. Supreme Court decision overturned a rule that a taxpayer must have a physical presence in a state to owe sales and use taxes there. The court action is *South Dakota v. Wayfair, Inc.* Like South Dakota, many states have passed laws that base the tax-paying status of out-of-state businesses on number of transactions or gross revenue rather than physical presence.

The South Dakota law, which the Supreme Court upheld, applies to out-of-state sellers with more than \$100,000 in sales or 200 transactions a year delivered into the state. States that do not have such laws are expected to address the issue in upcoming legislative sessions.

The Supreme Court decisions means that dealers should carefully monitor their sales activity in case they need to pay taxes in another state. Some dealers could decide to register in additional states where they sell new vehicles or send parts for sale. Sometimes a single transaction, or a few transactions, could be enough to trigger the tax filing requirement.

Thanks to Crowe, LLP for providing this information. This article is for information only and is not intended as tax advice. Dealers are encouraged to consult their accountant for advice about their particular situation.

WANADA offers Marketing and Digital Retailing Seminar, March 12

WANADA's Automobile Dealer Education Institute (ADEI) will present a Marketing and Digital Retailing Seminar at 9 a.m. on Tuesday, March 12 at the WANADA Office

Learn from leaders in digital marketing, e-commerce and dealership management how to modernize your organization's sales and outreach efforts for the next decade and beyond. Seminar attendees will receive insight on how to optimize their business's consumer outreach, get individual analysis of their dealership's website, and more.

Featured speakers are Paul Accinno, vice president of dealer services, Stream Companies; Cory Mosley, principal, Mosley Automotive; and Gabriel Haim, vice president of sales, Roadster.

The seminar will run from 9 a.m. to 12 p.m. at the WANADA Office, 5301 Wisconsin Ave NW Washington, D.C. 20015. Cost is \$50 per person. Click [here](#) to register. Questions may be directed to Kathy Teich, kt@wanada.org, or (202)237-7200.

Register and reserve housing for MobilityTalks International

New speakers have been confirmed for MobilityTalks International, as they will be up until the event itself on April 3 and 4, 2019. MobilityTalks precedes the opening of the 2019 Washington Auto Show and spotlights D.C. as the Public Policy Show on the international industry auto show circuit.

Two recently added speakers should be of particular interest to dealers: Environmental Protection Agency Administrator Andrew Wheeler and Lyft Chief Policy Officer Anthony Foxx. Future developments in the battle between EPA and California on fuel economy standards will surely affect Washington area dealers (see article on page 3).

A luncheon panel on April 3 will discuss “Communicating the Benefits of Advanced Technologies to New Vehicle Buyers.” Panel members include the following: Suzie Reineke of the Reineke Family Dealerships; representatives from Toyota, the National Highway Traffic Safety Administration, AAA, and Robert Bosch LLC; Peter Welch, CEO of NADA, will also speak. Several international speakers will speak throughout the day about the programs in their countries.

On Thursday, April 4, the talks will move to Capitol Hill in D.C. The schedule is still being confirmed.

Note that rooms at area hotels are selling out fast! For registration and housing for MobilityTalks International, click [here](#).

Washington Auto Show is less than a month away!

The 2019 Washington Auto Show, running from April 4 to 15, starts less than a month from now. Here are a few of the highlights for dealers to consider:

Media and Public Policy Day, Thursday, April 4, from 8:00 a.m. to 2:30 p.m. As always, WANADA offers a full day of presentations by OEMs and high level public policy makers. Expect to hear from newly approved EPA Administrator Andrew Wheeler; the House Auto Caucus; Toyota; Ford; Fiat Chrysler; Honda; the Motor Equipment Manufacturers Association (MEMA); Lyft’s chief policy officer and former Transportation Secretary Anthony Foxx; Global Automakers; the Green Car Journal; and the National Road Safety Foundation.

WANADA’s 2019 Regional Tag and Title Seminar is set for Friday, April 5, from 9:30 a.m. to 11:30 a.m. Motor vehicle agency regulators from the DC DMV, Maryland MVA and Virginia DMV will again form a panel to discuss the special tag and title issues facing Washington area dealers. The seminar will focus on interjurisdictional coordination and administrative efforts. The cost is \$75 per person; to register click [here](#). For questions or more information, contact Kathy Teich at kt@wanada.org, or call (202) 237-7200.

2019 Auto Show WANADA Member Reception is set Thursday, April 11, from 6:00 p.m. to 8:00 p.m. This is an extraordinary networking opportunity for WANADA dealers, Kindred-line members, and Associate members. This year WANADA will honor its Time Dealer of the Year,

John Bowis, Chevy Chase Acura, and Northwood University Dealer Education Award winner Christopher Lindsay, Lindsay Automotive. Tickets are \$50 per person. Register [here](#). If you have questions, contact Kathy Teich at kt@wanada.org or call (202) 237-7200. WANADA thanks the generous sponsors for this event: Bank of America/Merrill Lynch, Comcast Spotlight, and Cox Automotive.

Maryland House passes \$15 minimum wage bill

The Maryland House of Delegates in general session passed a bill that would raise the state minimum wage to \$15 an hour by 2025. It would increase the wage from its current \$10.10 to \$11 on Jan. 1, 2020, with 75 cent increases every year from 2021 to 2025. The Maryland Senate has not yet voted on the measure.

Governor Larry Hogan has said he opposes raising the minimum wage because he is worried that doing so might cause businesses to leave the state. The Maryland House of Delegates passed the bill with a veto-proof majority.

The bill would increase labor costs for businesses by 48 percent, according to [The Baltimore Sun](#).

A particular concern for WANADA dealers is the Automobile Dealer Education Institute (ADEI) program to train aspiring auto technicians. Participating dealers currently pay to participate in the program and also pay minimum wage to the technician trainees in the earn-while-you-learn program.

The Maryland bill passed by the House does let employers pay workers younger than 18 a lower wage of 85 percent of the state minimum wage. The lower minimum wage under current law applies to workers under 20 for their first six months on the job.

What does breakup of EPA/California fuel economy talks mean for Washington area dealers?

The Trump administration – specifically, the Environmental Protection Agency – broke off talks with California environmental officials recently over efforts to reach a compromise on fuel economy standards. EPA officials have said at the Washington Auto Show and elsewhere that EPA's goal is to have a single national standard.

That's certainly what automakers want. And a single standard would be very helpful to dealers in an area like metropolitan Washington, where consumers often cross state lines to buy a car. Back to that in a minute...

The talks broke down because neither side was willing to budge much from their original position. The Trump administration wanted to freeze fuel economy standards in 2021 instead of increasing them by 5 percent every year until 2025, as Obama-eras rules called for. At the same time, California wants to continue to be able to set its own, more stringent standards.

So what does all this mean for Maryland and Virginia dealers? With no agreement between the Trump administration and California officials, there could eventually be *two* sets of fuel economy standards: One for California and the states that follow it (including Maryland) and another, less stringent set of standards for the rest of the country (including Virginia).

Automakers could send a different set of new vehicles to dealers in Maryland than to Virginia dealers. That may mean a customer who wants to buy a big SUV with poor fuel economy may not be able to find it at a Maryland dealer, but could easily find it at a Virginia dealer. No changes would happen until after 2021, at which point there could be different administration. But all of this is a reminder that this issue is not solely one for West Coast dealers.

Message from 2019 NADA Chairman Charlie Gilchrist

NADA Chairman Charlie Gilchrist, who began his term as 2019 NADA chairman at the 2019 NADA Show earlier this year, wrote recently about his vision for NADA. Here's an excerpt:

“Dealers are getting hit from all sides, and NADA is the force that unites them against the obstacles they cannot overcome individually. Today, dealers face an evolving business model with intense pressure on dealership sales departments. At the same time, service departments—which are busier than ever—have the responsibility to get cars back on the road safely and efficiently. And whether it's preserving affordability of new vehicles, battling against proposed industry tariffs, or getting skilled technicians through every dealership's doors, dealers must tackle these issues as a team.

What to expect for vehicle sales in 2019...

NADA Senior Economist Patrick Manzi saw good reasons for the drop in U.S. new-vehicle sales in the first two months of the year. Sales fell in both January and February, with February sales down 2.5 percent from a year earlier. Harsh winter storms that kept people home, a prolonged government shutdown that offered nothing for federal contractors and delayed paychecks for federal workers, and uncertainty about tax refunds helped explain consumers' reluctance to buy, according to Manzi.

For 2019, Manzi predicts 16.8 million new-vehicle sales. Vehicle affordability will continue to be a concern. With the large number of *off-lease* vehicles coming back to market, buying a nearly new vehicle will be an appealing alternative for many consumers.

Staying Ahead...

If freedom of speech is taken away, then dumb and silent we may be led, like sheep to the slaughter.

--George Washington