

THE WANADA BULLETIN

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

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WANADA's Annual Luncheon is Less Than a Month Away!
DOL Issues Salary Changes to White Collar Overtime Exemptions
IRS Issues Final QBI Real Estate Safe Harbor Rules
Don't Miss Out on Legal and Ethical Standards Training for Service Managers and Sales Staff
Thank You to the Local Charities and Service Clubs Supporting WANADA's ADEI Program
WANADA Staff Discusses ADEI Program with Md. House Speaker Adrienne Jones
WANADA Leadership Meets With Congressman Anthony Brown at NADA Washington Event
Staying Ahead...

WANADA's Annual Luncheon is Less Than a Month Away!



Charles Payne

WANADA would like to once again remind its members that registration is open for the 2019 WANADA Annual Meeting and Luncheon, which will take place Tuesday, Nov. 5 at the Ritz-Carlton in Tysons Corner. This year's guest speaker is Fox Business Network personality Charles Payne, host of *Making Money with Charles Payne* on Fox Business.

With the House of Representatives well on their way towards impeaching President Trump, trade wars impacting economies around the world, and Virginia's 2019 legislative elections looking likely to re-shape the state's political consensus, there will be much for Payne to talk about, and for attendees to discuss amongst themselves as well.

WANADA Board of Directors Chairman John Bowis will also deliver an update on the state of the organization and the local automotive industry. Lunch and an open bar will also be provided at the event, which will run from 11:30 a.m. to 1:45 p.m.

To register for the luncheon, please [click here](#). If you have any questions about the event, or regarding the registration process, please contact Kathy Teich at kt@wanada.org, or by phone at 202-237-7200.

The 2019 WANADA Annual Luncheon & Meeting is generously sponsored by the following: ACV Auctions, Armatus Dealer Uplift, BG Products, Penney Design Group, Porter Construction, SunTrust, The Keats Group at RBC Wealth Management, and WellNet Healthcare.

DOL Issues Salary Changes to White Collar Overtime Exemptions

Note: The following story was written by Michael Alford, the chairman of NADA's Regulatory Affairs Committee.

The [U.S. Department of Labor is updating and revising the earnings thresholds](#) necessary to exempt executive, administrative or professional employees (EAP or “white collar”) from the Fair Labor Standards Act’s overtime pay requirements. The final rule will be effective January 1, 2020. Employees who work more than 40 hours in a workweek, but who also meet both the salary and duties tests for an EAP exemption, do not have to be paid the federal overtime premium of 1.5 times their regular rate of pay. The EAP exemption salary threshold is increasing from the current \$23,660 to \$35,568 per year (or from \$455 to \$684 per week).

The DOL is allowing up to 10% of these salary thresholds to be satisfied by nondiscretionary bonuses or commissions. No changes were made to the EAP exemptions duties tests. The salary threshold for highly compensated employees (HCEs) also is being increased from the current \$100,000 to \$107,432 (there are no duties tests for HCEs). The new rule requires that HCEs receive at least \$684 per week in salary, but the remainder of their compensation may be in the form of nondiscretionary bonuses or commissions.

NADA is amending its [Dealer Guide to Federal Wage and Hour, Child Labor and Wage Discrimination Compliance](#) to reflect these new changes. *Important:* under federal law, it is possible for more than one overtime exemption to apply to a given employee and for certain state laws to restrict how federal overtime exemptions may be applied.

For more information, email regulatoryaffairs@nada.org.

IRS Issues Final QBI Real Estate Safe Harbor Rules

Note: This article was originally published by Richard Morris, CPA, MST, of Councilor, Buchanan & Mitchell, P.C. To view the full article, [please click here](#).

Earlier this year, the IRS published a proposed safe harbor giving owners of certain rental real estate interests the opportunity to take advantage of the qualified business income (QBI) deduction. The QBI write-off was created by the Tax Cuts and Jobs Act (TCJA) for pass-through entities. The IRS has now released final guidance (Revenue Procedure 2019-38) on the safe harbor that clearly lays out the requirements that taxpayers must satisfy to benefit.

The TCJA added Section 199A to the Internal Revenue Code. It generally allows partnerships, limited liability companies (LLCs), S corporations and sole proprietorships to deduct as much as 20% of QBI received. QBI equals the net amount of income, gains, deductions and losses — excluding reasonable compensation, certain investment items and payments to partners for services rendered. The deduction is subject to several significant limitations.

Many taxpayers involved in rental real estate activities were uncertain whether they would qualify for the deduction, which prompted the proposed safe harbor. The final guidance leaves no doubt that individuals and entities that own rental real estate directly or through disregarded entities (entities that aren’t considered separate from their owners for income tax purposes, such as single-member LLCs) may be eligible.

[View the remainder of the article here.](#)

Don't Miss Out on Legal and Ethical Standards Training for Service Managers and Sales Staff

There are still spots available for WANADA's first-ever [Legal and Ethical Standards Training](#) course for Service Managers, in addition to a course for dealership sales personnel. Registration is now open for both courses, which will be offered on Tuesday, Oct. 22 at the WANADA headquarters in Friendship Heights.

Each compliance workshop will be conducted by staff from [JM&A Group](#), an automotive finance and insurance advisory group. Attendees will learn the best practices for compliance, paperwork reviews, sales ethics, and much more, with content specifically tailored to each audience. The course for sales managers will be held on Oct. 22 from 9 a.m. to 12 p.m. and the service managers course will run from 1 to 4 p.m.

Attendees at the events will have the opportunity to take an exam and earn JM&A's certification for legal and ethical standards. To register for the classes, each of which costs \$100 to attend, please [click here](#). If you have any questions, please contact Kathy Teich at kt@wanada.org, or by phone at 202-237-7200.

Thank You to the Local Charities and Service Clubs Supporting WANADA's ADEI Program

WANADA's longstanding efforts to provide auto technician education and training to ambitious career aspirants through member dealerships has benefitted significantly by financial gifts to WANADA's Auto Dealer Education Institute (ADEI) emanating from a variety of philanthropic organizations. Over the past seven years, there have been 34 such gifting organizations, yielding as much as \$87,000 per year on occasion, with 2019 returns on pace to hit a new annual record.

Besides any number of banks and foundation benefactors, local service clubs around the region, namely Rotary and Kiwanis, have contributed generously to ADEI, prompted in many cases by the dogged efforts of individual WANADA members who pushed the clubs and institutions they're involved with to help support the institute.

Calling upon his considerable leadership and expertise from his earlier years as the director of the Boys and Girls Clubs of Metro Washington, WANADA's Archie Avedisian has single-handedly lined up all of the philanthropic financial support, and has done so for many years. The most recent example was last month, where the Bethesda Women's Club pledged funds to ADEI at one of their regular meetings, marking the occasion by hosting Mr. Avedisian and ADEI founder and former WANADA President and CEO Gerry Murphy to present the career training programs to BWC members.

"When philanthropic groups like the BWC hear how the dealers through ADEI inspire young men, and, in more



WANADA's Archie Avedisian and Gerry Murphy pictured with members of the Bethesda Women's Club in September.

recent years, young women into dealership careers, they're surprised and impressed," said Avedisian. "It's totally a win/win situation for all concerned, especially the job recruits, who, in addition to getting dealership employment, receive ADEI education and training on a scholarship basis at community colleges like Montgomery College in Rockville," he said.

The inspiration for WANADA creating and implementing its ADEI was in direct response to the technician shortage crisis in the auto industry.

"WANADA was in a position to hit the tech shortage head on by auto technician training it first implemented years earlier through the public schools in Montgomery and Fairfax counties," said Murphy. "From these high school programs came the college technician training, in conjunction with ASE Technician Certification, that ADEI successfully put in place subsequently," he said.

Harold Redden of Fitzgerald Auto Malls, who chairs the ADEI Board of Directors, commended Steve Boden, who heads up the Auto Trades Foundation Program in the Montgomery County Public Schools for his leadership in taking ADEI's tech training to the college level. "You simply don't succeed with career programs at the college level without committed educators like Steve Boden leading the effort," Redden said. "WANADA dealers, accordingly, support ADEI because of what it delivers: career education that successfully answers the challenge of where the next generation of auto techs will come from."

For information on ADEI technician training and education, WANADA member dealers can contact Joe Koch at (202) 237-7200 or jk@wanada.org.

WANADA Staff Discusses ADEI Program with Md. House Speaker Adrienne Jones

Joe Koch, WANADA's Vice President of Membership, joined other business and community leaders last week at Montgomery College's Homer S. Gudelsky Institute for Technical Education to meet with Maryland House Speaker Adrienne Jones.

Speaker Jones (D-Randallstown), who succeeded the late Michael Busch (D-Annapolis) in the position in May 2019, spent last Thursday on a three-stop swing through Montgomery County, with her last stop being at Montgomery College's technical education institute, which offers a number of vocational training certificates and degrees, and which also partners with WANADA's Automobile Dealer Education Institute. Speaker Jones has represented eastern Baltimore County in the House since 1997.



Joe Koch joined various business leaders in welcoming Maryland House Speaker Adrienne Jones (in blue shirt, right of center) to Montgomery College's Gudelsky Institute. Koch and Jones discussed WANADA's ADEI technician training program.

WANADA is grateful for the support of Maryland state legislators and executive-branch officials who have helped support ADEI, and wishes Speaker Jones the best of luck as she prepares for her first full legislative session as speaker. The 441st session of the Maryland General Assembly will convene in Annapolis on January 8, 2020.

WANADA Leadership Meets With Congressman Anthony Brown at NADA Washington Event

WANADA member dealers Geoffrey Pohanka and Jack Fitzgerald met with U.S. Representative Anthony Brown last month, after Rep. Brown spoke at a breakfast gathering for the National Automobile Dealers Association political action committee in Washington. Pohanka serves on WANADA's Board of Directors and also is also the Washington-area representative on NADA's board, and both Pohanka and Fitzgerald are former chairmen of WANADA's Board of Directors.

According to the Alliance of Automobile Manufacturers, there are more than 9,000 total automobile jobs in Rep. Brown's district, which covers much of central Prince George's County and parts of north and central Anne Arundel County, and nearly 30,000 new cars were sold in his district in 2018. To that end, Rep. Brown has been a longtime supporter of WANADA and has remained receptive to addressing the issues important to franchise automobile dealers.



L to R: Corey Neal, K. Neal Truck and Bus Center; Steve Parker, American Truck Dealers; U.S. Rep. Anthony Brown (D-Md.); Geoff Pohanka, Pohanka Automotive; Jack Fitzgerald, Fitzgerald Auto Malls

Staying Ahead...

"If the key works Monday, I'll keep working." – Jay Gruden (Editor's Note: The key did not work.)