

THE WANADA BULLETIN

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

WANADA Bulletin # 22-22

December 22, 2022

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Save The Date for WANADA Events at the DC Auto Show

The Washington, D.C. Auto Show is less than one month from opening, so be sure to save the date in your calendars so as not to miss a variety of industry and dealer focused events featured this year.



First, you don't want to miss Public Policy Day on Thursday, January 19, 2023. As the "public policy show" on the global auto show circuit, the Washington, D.C. Auto Show advances its 10-day consumer event with an exclusive look at the people and policies shaping the U.S. auto industry. The exclusive event, geared toward officials in government, industry and media, launch just prior to the show's public opening and encompass special announcements, fireside chats, and panel discussions focusing on the current state of the country's essential automotive sector and its future initiatives. To see the latest lineup or register to attend, visit the Public Policy Day webpage [here](#).

Public Policy Day then concludes with the annual Sneak Peek Preview from 5:00 – 8:00 p.m. This three-hour preview will provide VIP guests a close look at the range of new makes, models, and technologies displayed around the exhibit space at the Walter E. Washington Convention Center. Be the first to see Toyota's east coast reveal of the 2023 Prius Prime. Take a ride on Hyundai's indoor test track. Explore the EV Pavilion featuring the latest electric models,

ElectriCityBikes, and an EV hovercraft! An array of musical entertainment, along with cocktails and hors d'oeuvres stations are sure to make this an evening to remember.

Concurrent with the Sneak Peek, The WANADA Member reception at the 2023 Washington, DC Auto Show will also be held the evening of January 19. Sponsored by BG Crovato Products & Services and The Kirvan, Pierce, Sweeney Group, the WANADA Member Reception will be from 6:00-8:00 p.m. and registration details are available [here](#).

Additionally, the annual WANADA Tag & Title seminar will be held on Tuesday, January 24 from 9:30 – 11:30 a.m. A motor vehicle agency focused seminar unique to our region, the Tag & Title seminar at the auto show features motor vehicle agency regulators from DC/DMV, Maryland/MVA and Virginia/DMV discussing the special tag and title issues facing Washington Area dealers. The seminar will focus, as always, on inter-jurisdictional coordination and administrative efforts. Full details and registration information is available [here](#).

Finally, all WANADA members travelling to Dallas for the **2023 NADA Show** are invited to attend the **WANADA/MADA/VADA Reception on Friday, January 27, 2023 from 6:00-9:00 p.m.** The reception is being held at the Marie Gabrielle Restaurant and Gardens, located at 2728 N Harwood St, Dallas, TX 75201 and is sponsored by Councillor, Buchanan & Mitchell, COX Automotive, Rifkin Weiner Livingston LLC, Mahdavi, Bacon, Halfhill & Young, PLLC, Penny Design Group, Truist, TrueCar and Armatus.

FTC Safeguards Rule Deadline Now June 9, 2023

The Federal Trade Commission announced it is extending by six months the deadline for companies to comply with some of the changes the agency implemented to strengthen the data security safeguards financial institutions must put in place to protect their customers' personal information. The deadline for complying with some of the updated requirements of the Safeguards Rule is now June 9, 2023.

The Safeguards Rule requires non-banking financial institutions, such as mortgage brokers, motor vehicle dealers, and payday lenders, to develop, implement, and maintain a comprehensive security program to keep their customers' information safe.

The Commission is extending the deadline based on reports, including a letter from the Small Business Administration's Office of Advocacy, that there is a shortage of qualified personnel to implement information security programs and that supply chain issues may lead to delays in obtaining necessary equipment for upgrading security systems. These difficulties were exacerbated by the COVID-19 pandemic. These issues may make it difficult for financial institutions, especially small ones, to come into compliance by the deadline.

The FTC approved changes to the Safeguards Rule in October 2021 that include more specific criteria for what safeguards financial institutions must implement as part of their information security programs. While many provisions of the rule went into effect 30 days after publication of the rule in the Federal Register, other sections of the rule were set to go into effect on December 9, 2022.

The provisions of the updated rule specifically affected by the six-month extension include requirements that covered financial institutions:

- designate a qualified individual to oversee their information security program,
- develop a written risk assessment,
- limit and monitor who can access sensitive customer information,
- encrypt all sensitive information,
- train security personnel,
- develop an incident response plan,
- periodically assess the security practices of service providers, and
- implement multi-factor authentication or another method with equivalent protection for any individual accessing customer information.

From NADA: Congress to Decide LIFO Relief Bill Likely This Week

Congress is wrapping up its work for the year and is currently negotiating an omnibus spending bill that will carry some unrelated provisions. It is possible it may include the LIFO relief bill, the “Supply Chain Disruptions Relief Act” (S. 4105/H.R. 73820) in this year-end package. While it does not amend the tax code, it directs the Treasury Department to use existing law to provide LIFO relief.

The bipartisan legislation will give dealers on LIFO extended time to replace vehicle inventory due to the pandemic and supply chain issues. This spending bill, being considered now, is likely the last legislative vehicle available this year to carry LIFO relief over the finish line. LIFO relief legislation has 60 Senate cosponsors, including Majority Leader Schumer (D-N.Y.) and 172 House cosponsors. Dealers seeking more information, [click here](#).

Montgomery County EV Purchasing Co-Op

The Montgomery County Department of Environmental Protection (DEP) will be helping residents find discounts on electric vehicles (EVs) with the launch of its new “EV Purchasing Co-op Dealership Incentives” web page. The program is the first in Maryland where a local jurisdiction is partnering directly with local automobile dealerships to provide incentives and discounts for EV purchases.

The program will amplify limited-time promotions and discounts on battery-electric and plug-in hybrid electric vehicles. The initiative is the cornerstone of the next phase of the County’s EV Purchasing Co-op and will make the benefits of EVs more accessible by helping residents reduce the cost of going electric.

Under the program, County-based dealers each month are invited to share the EV incentives they are currently offering. Deals will vary in value, will be available for a limited time and may not be available every month. DEP will list deals that offer specific cost savings for plug-in electric vehicles, EV charging or other EV services. Once they find an incentive deal on the DEP website, potential vehicle buyers can contact the dealerships directly to take advantage of the offers.

The program is already underway. The first incentive available is relayed from Ourisman Chevrolet in Rockville, offering “No haggle manufacturer suggested retail price (MSRP) on new Chevrolet Bolt EV and Chevrolet Bolt EUV models.” The offer allows buyers to avoid additional dealership markups, which could save thousands of dollars.

EV adoption is a key part of Montgomery County’s Climate Action Plan to reduce greenhouse gas emissions by 2035. Residents and businesses that transition to electric vehicles can save thousands of dollars on fuel and maintenance costs in the first five years of EV ownership and reduce tailpipe pollution to zero.

“I am proud that our County is taking the lead and is the first County in the State to partner with automotive dealers to incentivize elective vehicle adoption,” said County Executive Marc Elrich. “The number of community members that have pledged to go electric as part of the EV Purchasing Co-op shows that there is significant demand for electric vehicles in Montgomery County. Now, with the introduction of EV Purchasing Co-op Dealership Incentives, we are delivering on our commitment to make electric vehicle ownership more accessible.”

To support dealerships as part of the initiative, the County will provide educational materials on EVs for dealership sales staff and prospective customers. The County also offers training to sales staff about the climate-related benefits of EVs and local incentives available to residents and businesses.

Dealerships participating in the Electrified Dealers Program will be identified on the County’s website to help consumers find dealers that are at the forefront of selling electric vehicles.

From VA MVDB: Salespersons’ Licenses Reminder

In the most recent issue of “[Dealer Talk](#),” the Virginia Motor Vehicle Board included the following reminder about salesperson licenses that has been reprinted in full below.

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Dealer-Operators, F & I Employees, and Sales Managers must have sales licenses. Legislation in 2006 expanded the definition of a motor vehicle salesperson to include those functions performed by the sales manager, dealer -operator, and dealer employees who are in the “F&I” side of the automobile sales industry. Anyone who performs functions as described in the following definition must have a salesperson’s license. Regardless of the working title an individual has, if they fit the definition, they must have a salesperson’s license.

Section §46.2-1500, Definitions. “Motor vehicle salesperson” or “salesperson” means (i) any person who is hired as an employee by a motor vehicle dealer to sell or exchange motor vehicles and who receives or expects to receive a commission, fee, or any other consideration from the dealer; (ii) any person who supervises salespersons employed by a motor vehicle dealer, whether compensated by salary or by commission; (iii) any person, compensated by salary or commission by a motor vehicle dealer, who negotiates with or induces a customer to enter into a security agreement on behalf of a dealer; or (iv) any person who is licensed as a motor vehicle dealer and who sells or exchanges motor vehicles.

For purposes of this section, any person who is an independent contractor as defined by the United States internal revenue code shall be deemed not to be a motor vehicle salesperson. It is important for you to study this definition as all employees of your dealership that meet any of the criteria as noted in the definition will need a salesperson's license. It is the responsibility of the dealership owner to make sure that all salespersons are properly licensed and paid on a W-2. No "1099". Please remember that salespersons may not be independent contractors paid via IRS Form "1099". Salespersons must be employees of the dealership and that usually means that they receive an IRS Form "W-2" at the end of the tax year. Please be sure that anyone who performs any of the functions listed in the above definition is properly licensed. In addition, anyone licensed as a salesperson must be an employee of the dealership.

Licensed salespersons must be paid on a W-2, and not be "independent contractors" paid via IRS form "1099". Form K-1 is used by members of an LLC to report their share of the Corporation's earnings (or loss). If a member of an LLC is also a licensed salesperson, then by definition, they are also an employee of the LLC and the LLC must issue that employee an IRS Form W-2 at the end of the tax year. Therefore, a member of an LLC who is also a licensed salesperson will receive both a "K-1" and a "W-2" at the end of the tax year.

Beware of Fake DC Auto Show Visitor Lists

WANADA has received reports of individuals attempting to sell "DC Auto Show Visitors Lists" via email. Please be aware that these lists are scams and are not authorized to represent WANADA or The Washington, DC Auto Show in any capacity. Many of the emails that have been provided to WANADA staff originate from email addresses like "xxxxx@attendeelistdb.com" which are fake websites designed to appear legitimate. Please disregard any such requests that you receive.

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