

THE WANADA BULLETIN

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

WANADA Bulletin # 06-23

April 19, 2023

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Show Your Support for the Auto Show!



With retail automotive sales predicted to weaken over the next year, it's never been more important to support your local auto show. The Washington, DC Auto Show supports your business in multiple ways. Not only does the show help provide a sales boost in the first quarter of each year, but the revenue helps to pass helpful legislation and fight potentially harmful bills.

We are calling on each of you to assist us in preparing for next year's show. The manufacturers listen to you, their dealers, more than any other single voice. It is no understatement to say that you can have a profoundly positive impact in how the brands you sell are represented at the region's largest indoor event.

To assist you, the WANADA staff has prepared a number of short documents that you can circulate with your OEMs. Please encourage them to support the show with vehicles and tier 1 displays in 2024.

2023 Washington, DC Auto Show [Recap Video](#)

2023 Washington, DC Auto Show [Top 10 Reasons to Be in the Show](#)

2023 Washington, DC Auto Show [Recap Deck](#)

Please feel free to reach out to the WANADA staff if you have any questions or would like additional information. John O'Donnell (jod@wanada.org) or Joe Koch (jk@wanada.org) would be happy to assist in any way. The Washington, DC Auto Show is the best way your association supports retail sales in the first quarter of every year, and we have excellent data to support the fact that show attendees are informed shoppers on a mission to purchase vehicles. After all, where else are interested buyers paying money to come look at your products!?

U.S. Treasury Updates EV Tax Credit Eligibility

The US Treasury Department recently announced updated EV tax credit guidance on the battery component and critical mineral sourcing requirements of the Inflation Reduction Act (IRA), which will result in reducing the credits available for many vehicles purchased on April 18, 2023 or later.

The IRA includes a provision that limits the \$7,500 EV tax credit to vehicles that are assembled in North America. Beyond that, a certain percentage of each car's battery components need to be built in North America, and critical minerals need to be sourced from the US or a US free trade country, with these percentages increasing every year. Each of these two requirements make up half of the credit, meaning that if a car qualifies for one but not the other, it's eligible for \$3,750 worth of federal tax credits.

The new guidance does not affect the commercial leasing provisions, which are covered in section 45W of the law. It also doesn't change the used EV provisions in section 25E. It only applies to the new EV purchase credit, in section 30D, for cars purchased April 18 or later.

GM has stated that the Cadillac Lyriq, as well as the upcoming Equinox and Blazer EVs, will qualify for the full \$7,500 credit, while the Chevy Bolt EV and Bolt EUV will qualify for "some level" of credit. Tesla has stated that the rear-wheel-drive Model 3 will have its credit "reduced" but that other models will retain the full credit. Ford says the F-150 Lightning and Lincoln Aviator PHEV will get the full \$7,500 credit, while the Mach-E, E-Transit, Escape PHEV and Corsair PHEV will get \$3,750.

The domestic assembly provisions caused some rankling in the international community when the bill was passed, with some foreign automakers decrying what they view as protectionist measures. To alleviate this tension, the US recently signed a free trade deal for battery minerals with Japan and is working on a similar agreement with Europe.

The Treasury has also suggested that it is still possible for foreign-assembled cars to qualify for commercial tax credits if they're leased, an interpretation that was pushed for by Hyundai and

Kia in particular. In this case, a dealership would file for the commercial credit and presumably could pass it on to the consumer in the form of lower lease payments.

While OEMs will continue to provide some information, customers will expect their local dealers to be the experts. The primary mechanics of the tax credits will remain the same. For example, a consumer must be acquiring the car to use it for themselves (rather than for resale), must fall under maximum income requirements, and have a tax liability since the credits are non-refundable credits applied on their annual return (the credits are not applied at the time of sale). Furthermore, the vehicle must be new and the dealer needs to provide information pertaining to the sale in the form of a disclosure the customer will retain for tax filing purposes. The dealer must also make a filing at the end of the year disclosing all tax-credit related sales.

An updated fact sheet has been provided by the IRS, which is available [here](#).

EPA Issues Aggressive Proposed Emissions Mandates

From NADA: Last Wednesday the Biden administration proposed new and very aggressive emissions regulations for new light-duty vehicle model years 2027-2032. These proposals go well beyond anything this or prior administrations have announced or targeted in the past and would effectively require 2/3 of all new vehicles sold in 2032 to be EVs.

America's franchised new-car dealers remain all-in on EVs.

During the comment period, NADA will explain everything that dealers are doing to get ready for widespread and mass-market EV adoption, including the substantial investments already made – and the billions of coming investments – in tools, training and equipment necessary to facilitate a first-tier education, sales and service experience for EV customers across the entire market and price-point spectrum.

NADA will also explain how emissions mandates that go too far too fast are concerning in that they:

- **decrease the affordability and thereby actually risk slowing the sale of new clean vehicles including EVs**, particularly among first-time EV buyers and buyers in lower income tiers;
- **could put the significant investments that dealers and automakers have made in EVs at risk**, which would only result in additional constraints on EV development, deployment and consumer adoption; and
- **cannot be expected to foster meaningful growth in EV adoption unless part of a broader, unified strategy** that considers the vital importance of consumer incentives,

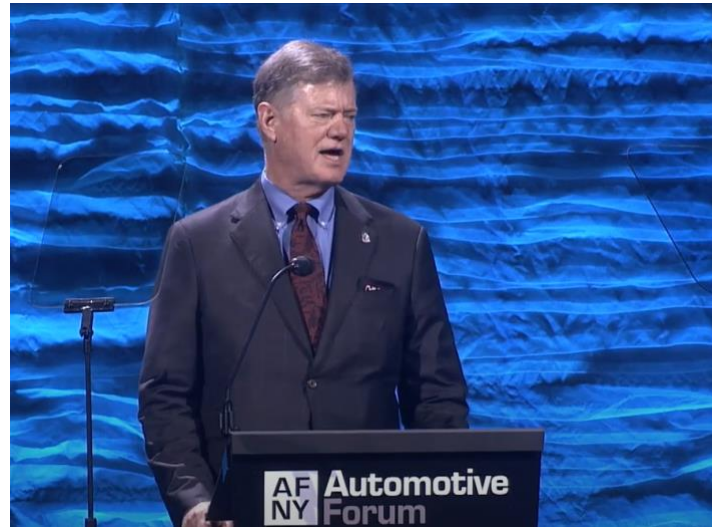


charging infrastructure, utility capacity, resources for battery manufacturing and the availability to consumers across the country of these newly-produced electric vehicles themselves – just to name a few critical factors.

In the end – and regardless of the stringency or feasibility of the final regulations – one thing is already clear: Dealers will be more essential than ever in helping America embrace EVs and get us to the adoption percentages that the administration is pursuing.

Pohanka Keynotes Auto Forum New York

Serving in his function as Chairman of the National Automobile Dealers Association (NADA), WANADA's own Geoff Pohanka was the opening speaker for Auto Forum New York. Hosted by J.D. Power, NADA and the New York International Auto Show, the Automotive Forum discussed how current industry and economic conditions will shape the future of the automotive market. [Click here](#) to view the remarks. Other select sessions from the proceedings are also available online [here](#).



FHWA Announces CFI Program Discretionary Funding

The Federal Highway Administration recently announced the first round of funding for the Charging and Fueling Infrastructure Discretionary Grant Program (CFI Program). The CFI Program was established by the Infrastructure Investment and Jobs Act, which authorized \$2.5 billion to be given out over five years for two categories of cost-reimbursement grants: (i) a Community Program designed to fund the deployment of EV charging and alternative fueling infrastructure on public roads, schools, parks and in publicly accessible parking facilities; and (ii) a Corridor Program designed to fund the deployment of EV charging and alternative fueling infrastructure along designated federal highway corridors.

The first round of CFI Program funding provides a total of \$700 million for FY 2022 and FY 2023. FHWA indicates that it will prioritize the funding of projects that address environmental justice, particularly for communities in rural and low- and moderate-income neighborhoods. Entities that are eligible to apply for funding under the CFI Program include states, cities, towns, state and local government organizations, transportation authorities and Indian tribes. Dealers and dealer trade associations are not eligible to apply *directly* for these grants, however eligible entities seeking Community Program grants may use up to 5 percent of any amount awarded to develop and implement education programs through partnerships designed to support the use of zero-emission vehicles and corresponding alternative refueling infrastructure. The minimum grant award under the Community Program is \$500,000 and the maximum is \$15 million.

For more information, including upcoming webinars on the CFI Program, please see: [CFI - Environment - FHWA \(dot.gov\)](#) or contact regulatoryaffairs@nada.org.

Save the Date for the 2023 WANADA Open!

The WANADA Open will be returning to Trump National Golf Club in Sterling, VA on **June 12, 2023** after an imminently successful outing in 2022. Mark your calendars today and stay tuned for more details. Registration information will be distributed as soon as it is available. For kindred-line members who are interested in a sponsorship for the 2023 WANADA Open, please contact Bob Storin at RS@wanada.org.



The Trump National Golf Club in Sterling, VA

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