

THE WANADA BULLETIN

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

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April 17, 2024

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Legislative Roundup: Maryland & Virginia

The General Assembly sessions in our region have recently wrapped up with successes for dealers on both sides of the Potomac. Many thanks to our partners at MADA and VADA for the tremendous work in Annapolis and Richmond, respectively. Below is an overview of this year's accomplishments.



MARYLAND

We had an extremely successful 2024 legislative session in Annapolis. We were successful in removing the repeal of the trade-in credit and able to defeat two significant tax increases which would have hurt sales and crippled our used car departments. Additionally, WANADA and MADA were able to secure an increase in the processing fee, which will allow dealers to be more competitive with our surrounding states. The emails and phone calls that were made in response to our Dealer Alerts were a key factor to our success. In addition, WANADA and MADA Board Members have been directly involved in the legislative process and provided supporting testimony during the legislative session. Below are the three critical accomplishments of the 2024 legislative session.

- The repeal of the trade-in credit has been removed from the budget.
- The increase of the vehicle excise tax to 6.5% has been removed from the budget.
- The cap on the dealer processing fee has been increased from \$500 to \$800 - Effective July 1, 2024.

VIRGINIA

The cornerstone of the 2024 legislative agenda in Richmond was Dealership Buy-Sell legislation, which is now law. This bill was important because auto manufacturers have used current law to subjectively delay or object to dealership sale transactions. OEMs would find ways to reset the objection period clock or make unreasonable demands to prolong negotiations, for example. This legislation will provide clearer guidelines for dealership sales transactions, ensuring predictability and fairness in these critical business activities.

Another item on this year's agenda was consumer protection. Proposed amendments to the Virginia Consumer Protection Act would have made it mandatory for any seller of consumer goods to include all fees in the price of all advertising. That would prohibit advertising, displaying, or offering any pricing information for goods or services without prominently displaying the total price, which includes all mandatory fees or charges other than taxes imposed. Clearly, this bill would have affected retail automotive dealers who are permitted to charge processing fees, and additional charges and taxes. Unlike most retailers, Virginia dealers are subject to a robust set of laws and regulations related to advertising, including appropriate disclosure of fees and charges. Those rules take into account standard industry practices.

This bill ultimately died in a conference committee because the House and Senate could not agree on the language of the bill.

On the environmental front, the California Air Resources Board's zero-emission vehicle (ZEV) standards, which passed in 2021 with our backing, will remain in place for now. Republican-sponsored bills to unlink Virginia from the standards were rejected by Democratic lawmakers. While we are in favor of zero-emission vehicles, mass adoption of EVs requires state and federal policies that are technologically achievable and maintain affordability.

WANADA Visits with Rep. Don Beyer

On April 9, WANADA Chairman Jamie Darvish and CEO John O'Donnell attended a fundraiser for Rep. Don Beyer. In addition to trading stories from his time as a dealer, Messrs. Darvish and O'Donnell were also able to discuss a variety of public policy matters with the Congressman as well as guest speaker, Sen. Mark Warren.



Families Receive Vehicles from NADA and Area Dealers

Back in March, four local families received vehicles at the National Automobile Dealers Association (NADA) headquarters through a partnership with Vehicles for Change (VFC) and area automotive dealerships. WANADA would like to congratulate NADA, VFC and our members who participated in this worthwhile endeavor: Nissan of Bowie, Sport Automotive Group, and Rosenthal Automotive Group.

Sport Automotive Group in Silver Spring, Md., awarded a Toyota RAV4 to Candice McNair, a single mother of two daughters and a clerk in Annapolis, Md., who will use her vehicle to pursue her bachelor's degree in health administration.

Nissan of Bowie in Bowie, Md., awarded a Nissan Versa to Toni Brown, a single mother of a teenage son and a medical secretary in Baltimore, Md., who will use her vehicle to alleviate the financial burden of her daily commute and access medical appointments.

Rosenthal Automotive Group based in Reston, Va., awarded a Nissan Altima to Tammy Carter, a single mother of two teenage daughters and a patient access specialist in Prince William County, Va., who will use her vehicle to decrease commuting time and transport her children to extracurricular activities.

Carter Myers Automotive Group based in Charlottesville, Va., awarded a Kia Rio to Adrianna Boyer, a single mother of two young children and a sales administrator in Loudoun County, Va., who will use her vehicle to get her son engaged in afterschool activities.



WANADA Dealer Members Robert Fogarty Jr. of Sport Automotive (top) and Damon Lester of Nissan of Bowie (bottom) were among the organizations who donated vehicles to families in need.

The vehicles not only offer recipients access to personal mobility, but also the opportunity to build their own credit portfolio and enhance their financial literacy. Each family will pay \$950

for their vehicle, be provided a 12-month loan through Sandy Spring Bank and receive a 6-month/6,000-mile warranty.

In addition to sourcing the donated vehicles, the NADA Foundation donated \$5,000 per vehicle to cover the costs associated with awarding these cars, including refurbishing the vehicles and making necessary repairs.

NADA also produced a video highlighting the endeavor which can be seen [here](#).

DC Low Tags Update

The District of Columbia Department of Motor Vehicles (DC DMV) has changed the style and color of the Low Tags for 2024.

The 2024 Low Tag design has the wordings “TAXATION WITHOUT REPRESENTATION” and image of the Frederick Douglass Memorial Bridge in the background, three red stars, black colored numbers in the middle, and a numbering series ranging from 1-1250. The expiration date of **MAR 31, 2026** is



printed at the top of both corners. See attachment for the 2024 Low Tag design. In addition, the DMV will be issuing a temporary Low Tag to customers who have been assigned a new 2024 Low Tag number. The temporary Low Tag has the same design as the regular 2024 Low Tag. The main differences are the temporary Low Tag will have a two letter prefix “LT”, followed by a numbering series ranging from 1-75 in the center of the temporary Low Tag. The expiration date of the temporary Low Tag is **APRIL 30, 2024**, and is printed at the top of both corners of the temporary Low Tag plates.

The 2024 Low Tag design is being issued to customers starting March 18, 2024. Therefore, both the old and new designs will be in use until March 31, 2024. However, after **March 31, 2024**, any vehicle displaying the expired 2022 low tag design will be invalid.

If you have any questions, please contact Christopher Dina at Christopher.dina@dc.gov or 202-727-7022.

DC and Maryland Top Nation in Vehicle Theft Increases

A recent piece by WTOP reports that DC and Maryland are the fastest growing areas in the country for vehicle thefts. WANADA works to enhance communication between the law enforcement community and our member dealers, so please continue to send us information on theft and fraud that occurs in your stores. Soon we will be launching an enhanced reporting tool to make this information more robust and easier to disseminate. The WTOP article is included below for reference.

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Vehicle thefts have been surging nationwide, but D.C. and Maryland top the list in percentage increases, according to a new report from the National Insurance Crime Bureau, a nonprofit organization that tracks crime and fraud.

In 2023, more than 1 million vehicles were stolen across the country. The District and Maryland each saw a drastic rise in thefts when compared to the previous year, with theft percentage increases of 64% and 63%, respectively.

Coming in third was Connecticut, which had an increase of 33%.

“Some of our community members have told us that their vehicle has been stolen more than once,” Cpt. Lovita Bryant with Prince George’s County police said.

[Continue reading on WTOP’s website...](#)

Dealership Franchise Rights – What Are They Worth?

Our friends and WANADA kindred-line member FORVIS recently shared the following article for the benefit of the dealer members:

In determining the value of a dealership (including retail automotive, heavy truck, machinery and equipment, power sports, and motorsports), the most subjective asset is what is known as the blue sky. The blue sky is considered the entire bucket of intangibles in a dealership. For various purposes, but most frequently for generally accepted accounting principles (GAAP) financial reporting purposes related to the purchase of a store, the blue sky must be delineated between goodwill and identifiable intangible assets. The identifiable intangible assets, which frequently have the most value, are the franchise rights associated with the dealership.

What Are Franchise Rights?

Franchise rights represent the dealership’s ability to sell and service vehicles in a certain area of responsibility (AOR) as outlined in the franchise agreement with the manufacturer. Franchise rights are initially granted to dealerships by the manufacturer through an “open point” application. The type of franchise(s) held by a dealership is a significant component of its value, and the franchise agreement is protected by strong franchise laws in each state.

Valuation Approaches to Consider

In determining the appropriate approaches, it is important to consider the standard of value. For GAAP financial reporting purposes, the standard is fair value as defined below:

[Continue reading here...](#)

Save the Date for the 2024 WANADA Open!

The WANADA Open will be returning to Trump National Golf Club in Sterling, VA on **June 3, 2024** after an imminently successful outing in 2023. 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 2024 WANADA Open, please contact Bob Storin at rs@wanada.org.



The Trump National Golf Club in Sterling, VA

The WANADA Bulletin is Sponsored by the Following Kindred-Line Members:

