

THE WANADA BULLETIN

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

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Nikki Haley Delivers at WANADA's Annual Meeting

On Saturday, November 9, the Washington Area New Automobile Dealers Association (WANADA) hosted its highly anticipated Annual Meeting and Dinner in the elegant ballroom of MGM National Harbor. The event was an evening to celebrate the collective achievements of WANADA members, address industry challenges, and foster invaluable networking among fellow dealers, partners, and key industry leaders.



This year's event was particularly special, featuring former U.S. Ambassador to the United Nations and Governor of South Carolina, Nikki Haley, as the keynote speaker. In a thought-provoking fireside chat with WANADA Chairman Jamie Darvish of DARCARS, Haley delved into critical topics, including the recent presidential election results. The conversation explored what the election results reflect about the American people's sentiments, potential impacts on the auto industry, and the anticipated short-term priorities of the newly inaugurated Trump administration.

In her candid discussion, Haley shared her perspective on how the election's outcome might shape policies relevant to auto dealerships, with particular emphasis on regulatory changes, supply chain dynamics, and trade policies. Attendees left with a deeper understanding of the potential industry ramifications and how dealerships can prepare for the evolving landscape.



The evening also served as a platform to celebrate the resilience and innovation of WANADA members during a year of continued challenges and growth in the automotive industry. Additionally, the business portion of the evening saw WANADA welcome Michael Fader of MileOne Automotive as the newest member of the Board of Directors. The event was a testament to WANADA's commitment to advancing the interests of its members while providing a forum for meaningful connections and insights.

As always, the WANADA Annual Meeting and Dinner remains a cornerstone event, bringing together industry professionals to celebrate achievements, exchange ideas, and prepare for the road ahead.

The 2024 WANADA Annual Meeting was generously sponsored by BG Crovato Products & Services, B&R Associates, Councilor, Buchanan & Mitchell, The Keats Group at RBC Wealth Management, and Truist.

Sign Up Today for the WANADA Action Network

At the 2024 WANADA Annual Meeting, Chairman Jamie Darvish proudly unveiled a new initiative, the WANADA Action Network. This organization is designed to educate and activate dealers on critical political issues that impact their businesses, underscoring WANADA's commitment to protecting the interests of the automotive industry in the Washington area.

The importance of political activism cannot be overstated, as dealers have witnessed firsthand the power of engagement. During the pandemic, WANADA's advocacy was instrumental in having dealerships designated as “essential” businesses, ensuring they could remain open when the economy was struggling. Furthermore, the association successfully lobbied for an increased processing charge in Maryland, directly benefiting dealerships' bottom lines.

However, the need for proactive engagement continues. The WANADA Action Network aims to protect dealers from potentially damaging policies, such as the FTC's proposed CARS Rule, which could impose burdensome compliance requirements, as well as overly stringent emissions mandates and right-to-repair legislation that could limit dealer operations. By uniting dealers under one advocacy platform, the network seeks to protect the industry from regulatory overreach.

Darvish emphasized that **dealer engagement is essential** to safeguard the future of their businesses. Success in advocacy depends on contributions of time, money, and influence to counteract opposing forces that often have significant resources at their disposal. However, many dealers are hesitant to get involved, either due to confusion about lobbying or a desire to avoid politics. The WANADA Action Network aims to simplify this process by providing clear avenues for involvement, from grassroots efforts to financial contributions.

With government actions increasingly shaping the business environment, the network calls on dealers to participate actively. In the words of Darvish, **“If we're not at the table, we'll be on the menu.”**



From NADA: Key Dealer Issues

WANADA NADA Director Geoff Pohanka recently shared the following information from the NADA Main Issues newsletter that gets distributed to all NADA Directors around the country. The information below is a valuable recap of all of the key concerns that dealers will be facing in the new year.

Volkswagen/Scout (New)

The big picture: VW AG's decision to attempt to sell Scout vehicles direct to consumers and compete with its U.S. dealer partners is disappointing and misguided, and it will be challenged in statehouses and courthouses across the country.

What's new: On October 24, Scout announced that it will attempt to sell its vehicles direct to consumers, bypassing the Volkswagen dealer body. NADA immediately put out a statement criticizing this decision, and making it clear that it will be challenged by NADA and ATAЕ.

What's next: NADA and the state and metro dealer associations are prepared to take action to protect the franchise model and stand behind Volkswagen and Audi dealers. Details on specific action have been sent to ATAЕs.

Why it matters: Since VW AG signaled the reemergence of the Scout brand in the U.S., NADA has communicated very clearly on numerous occasions to its leadership that the franchise system is the best and most-efficient way to deliver the customer experience that today's marketplace demands. This was recently reinforced by an independent study of the cost and value of new-car distribution by the consulting firm, Oliver Wyman, which concluded that utilizing franchise dealers is more cost-effective than a direct sales channel, and provides tremendous value to automakers and consumers alike.

Any direct-sales model would, to say the very least, undermine any automaker's relationship with its franchised dealers, all of whom have made significant investments in their current and any future brands.

FTC's Vehicle Shopping Rule (Updated)

The big picture: NADA continues to pursue an aggressive legal and legislative strategy to stop the FTC's Vehicle Shopping Rule (or "CARS" Rule) from taking effect.

What's new in the courts: The audio recording of the oral argument for NADA/TADA's legal challenge to the FTC's Vehicle Shopping Rule, which took place before the U.S. Court of Appeals for the 5th Circuit October 9, 2024.

Throughout the legal challenge, NADA and TADA have shown the court many reasons why the FTC's Vehicle Shopping Rule violates federal law and should be set aside permanently, including the fact that the FTC:

- Unlawfully issued this rule without the advance notice required by its own regulations;
- Did not articulate a rational connection between its findings and its decision to impose a far-reaching rule; and

- Unreasonably evaluated the rule's benefits and costs.

What's happening in Congress: NADA strongly supports the bipartisan FTC REDO Act (H.R. 7101/S. 3014), which would withdraw the Vehicle Shopping Rule and require the FTC to adhere to essential regulatory safeguards, including an advanced notice of proposed rulemaking, and a true cost-benefit analysis, if it decides to propose another rule of this nature.

In a recent letter to Reps. David Joyce (R-Ohio) and Ashley Hinson (R-Iowa), FTC Chair Lina Khan greatly expanded the scope of the Vehicle Shopping Rule by stating that truck "dealers...would be covered by the Rule" despite the lack of any mention of "heavy-duty trucks" in the proposed or final rule. Khan also completely ignores the fact that commercial dealers have no consumer application as the purchase and sale of heavy-duty trucks are a business-to-business transaction.

The FTC also failed to conduct any cost analysis of this rule on heavy-duty truck dealers when it is clear on the light-duty side that the Rule imposes over \$1 billion in regulatory costs on light-duty dealers. The FTC's response demonstrates the agency's lack of data and its overly broad, unnecessary and costly regulatory approach.

Additionally, the NADA-backed provision that would temporarily stop the FTC from spending funds to enforce the Vehicle Shopping Rule is included in the committee-passed FY25 Financial Services and General Government appropriations bill (Sec. 530 of H.R. 8773). The legislation, however, has stalled due to unrelated provisions and will need to be taken up in December as part of the appropriations process. NADA will continue to press legislators to include Sec. 530 in any year-end spending bill.

Why it matters: The Center for Automotive Research's (CAR) updated study on the costs of the Vehicle Shopping Rule shows that the rule will:

- Require **at least an additional hour (60-80 minutes)** to complete the vehicle purchasing process (divided between the sales process and the review of financial disclosures and documentation);
- Generate a **net cost to consumers and dealers of \$24.1 billion** over 10 years; and
 - Impose upon each dealership location average **upfront compliance costs of \$31,450**, and an average **recurring annual cost of \$39,862**.

EPA's De Facto EV Mandate

The big picture: The EPA's de facto EV mandate is far too aggressive and far ahead of consumer demand.

What's new: In September, the House passed an NADA-supported Congressional Review Act resolution, H.J.Res. 136, introduced by Rep. John James (R-Mich.), to disapprove the EPA's de facto EV mandate. The resolution passed by a vote of 215-191, with 1 Republican voting nay, and 8 Democrats voting yea. NADA also supports the Senate version of this resolution, S.J. Res. 75, introduced by Sen. Pete Ricketts (R-Neb.).

NADA also strongly supports the House Interior, Environment appropriations bill (H.R. 8998), which includes language (Sec. 474) that would temporarily stop EPA's de facto light EV mandate. H.R. 8998 passed the House on July 24.

Why it matters: NADA is highly skeptical that EVs will be adopted at anywhere near the levels required to comply with EPA's rules. While dealers have supported the move to electrification with billions of dollars in investments and the purchase of EV inventory, the U.S. lacks an adequate national consumer and commercial vehicle charging network, which makes the rapid adoption of EVs required by the EPA impractical.

What's next: Although these House-passed measures are highly unlikely to become law this year because of a lack of Senate activity and a certain presidential veto, these legislative efforts send a powerful message that EPA's regulations are overly aggressive. NADA will continue efforts to temporarily stop or disapprove EPA's de facto EV mandates.

So-Called "Right to Repair" Legislation

The big picture: NADA opposes so-called "right to repair" legislation H.R. 906, the "REPAIR Act," which has little to do with repairing a vehicle and raises serious vehicle privacy, security and safety issues for consumers.

What's new: Prior to Congress recessing for the elections, NADA, with the help of Directors and ATAEs, successfully opposed an effort by "right-to-repair" proponents to press the House Energy and Commerce Committee to pass H.R. 906. The House Innovation, Data and Commerce Subcommittee reported out H.R. 906 by voice vote last year. NADA and other industry stakeholders submitted a coalition letter opposing this fundamentally flawed legislation.

Why it matters: H.R. 906 unfairly promotes the interests of aftermarket companies by compelling auto and truck manufacturers to provide any "aftermarket parts manufacturer" the information necessary "to produce or offer compatible aftermarket parts." This giveaway of proprietary information would allow aftermarket parts manufacturers to gain access to automakers' proprietary information which could then be used to facilitate the reverse engineering of genuine, original auto and trucks parts, including safety-critical parts. This legislation would also give any third-party remote, bidirectional access to consumer data from vehicles, which raises significant privacy, cybersecurity, and automotive safety concerns.

Countering the myths: Advocates for "right to repair" legislation claim that independent automotive repair shops do not have access to the parts or data necessary to repair vehicles. However, this concern was rectified by a 2014 Memorandum of Understanding, signed by "right to repair" proponents and auto manufacturers. Today, the information independent shops need to repair vehicles is readily available from every auto manufacturer. H.R. 906 is built on a faulty premise that independent repair shops are at risk, even though these businesses perform more than 70% of all non-warranty repairs.

What's next: H.R. 906 could reemerge as an issue in the lame duck session after the election.

VA MVDB Issues Advertising Compliance Deadline

The deadline for advertisement compliance across all platforms is NOVEMBER 22, 2024. Information on advertising requirements was sent to all Virginia dealerships and MVDB Dealer Talk subscribers via SendPulse using the email addresses on record on September 23, 2024. Dealers are responsible for any and all advertisements for your dealership(s). However, if proof can be provided that your salespeople have been educated and trained regarding Virginia's Motor Vehicle advertising laws, the salesperson may also be held accountable for any advertising violations. You can read the full issue of the MVDB's Dealer Talk newsletter [here](#) or email them at dboard@mvdb.virginia.gov for more information.

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