

Headlines...

Senate committee votes for bigger fines for auto recalls and odometer tampering
"Transportation must be fixed!" say MD politicians at annual Montgomery Breakfast
MD aims for tougher paint shop rules
IRS Cash Reporting forms should be sent to buyers by January 31, 2012
California goes *all in* for zero emission vehicles
New study suggests car sharing likely to rise
Staying ahead...

Senate committee votes for bigger fines for auto recalls and odometer tampering

The Senate Commerce Committee this week approved an overhaul of U.S. auto safety laws, which includes a huge increase in fines against manufacturers for delaying vehicle recalls and anyone involved in odometer fraud.

Under the bill, aimed at reforming laws under the auspices of the National Highway Traffic Safety Administration (NHTSA), the maximum fines for manufacturers that delay recalls would be hiked to \$250 million from the current \$17.35 million. Fines for odometer fraud would rise to \$1 million from the current maximum of \$100,000 for some fraudulent actions.

The bill also calls for a whistleblowers' hotline for technicians, dealers and auto workers to call and lodge anonymous complaints of safety problems with vehicles, which sponsors believe will improve the vehicle recall database and website.

For more than a year, proponents have pushed Congress to strengthen auto safety measures in the wake of sudden acceleration concerns in Toyota Motor Corp. vehicles. The bill, sponsored by Sens. Mark Pryor, (D-AK), and Jay Rockefeller, (D-WV), would not take effect until at least one year after passage. The senators hope to include the auto safety provisions as part of a highway reauthorization bill expected early next year.



The Alliance of Automobile Manufacturers, Global Automakers, National Automobile Dealers Association and American International Automobile Dealers Association opposed hiking the recall fines.

"The proposed increases are so out of proportion either to the current penalty structure or the penalty structure for other manufacturers under the Consumer Product Safety Act as to appear unfairly punitive," the industry groups said in a joint letter. Adding, "The proposed increases should be scaled back to a more appropriate level."

The automakers back some of the bill's provisions, including a proposed mandate that all new vehicles be equipped with event data recorders, but had also wanted to bar rental car companies from renting recalled vehicles, just as franchise auto dealers currently may not sell a consumer a recalled vehicle that hasn't been repaired. The committee did not accept the rental car recall repair proposal, however.

In addition to the boost in recall and odometer tampering fines, the Commerce Committee measure would require new regulations on pedal placement, pushbutton ignition, and electronic performance issues. It also calls for more research funds to develop in-vehicle interlocks to prevent an intoxicated driver from starting a vehicle.

“Transportation must be fixed!” say MD politicians at annual Montgomery Breakfast

Holy highways, Batman! Maryland *and* Montgomery County Democrats were practically in unison this morning at the 2011 Annual Legislative Breakfast of the Committee for Montgomery, calling for the public funds required to shore up the Washington region's flagging transportation system. Hard to believe these are Maryland political leaders advocating transportation relief, let alone those from Montgomery, after years of slow growth, "smart growth" and *no* growth policies, which systematically stymied transportation improvements.

The Committee for Montgomery breakfast, which this year like every year, drew hundreds from business groups, unions, teacher groups and their lobbyists, all of whom eagerly hobnobbed with members of Congress, state legislature leaders and county officials.

The "fix transportation" theme emerged quickly to eclipse complaints about Capitol Hill gridlock, Republican obstructionists, inadequate education funding and even unemployment, driven home, most pointedly, by County Executive Ike Leggett himself, who said flatly, "without viable transportation systems, all the wonderful progress we have made bringing business and industry here, along with our hard won quality of life, will go away." Wow. And if this wasn't enough, Maryland Senate president Mike Miller assured the Montgomery crowd that transportation would be a priority in the upcoming General Assembly, county wide, no less than statewide and region wide. Miller pointed out, as previous speakers had, the positive and ominous significance of having Rushern Baker, county executive from Prince Georges, in attendance as an honored guest. The Intercountry Connector, which only a few years ago was

held in contempt and set back by Smart Growth advocates, this morning, was pedestaled as “the kind of progress we’re talking about and should emulate.”

When the 2012 Maryland General Assembly convenes in a few weeks, raising public revenues will be on the front burner, starting with the likely prospect of an increase in the gasoline tax, Miller said. The state legislative season in Maryland and Virginia will commence, as it does every year, the first part of January.

Stay tuned.

MD aims for tougher paint shop rules



Maryland environmental regulators are proposing tougher paint shop rules aimed at lowering volatile organic compound emissions. The new rules, which would become effective July 1, 2013, would apply to paint shops across the state, including those owned and operated by franchised dealers.

The new standards set forth the type of equipment that must be used; work practice standards; operator training requirements; compliance and record keeping rules; and labeling and product dating requirements.

The new rules are tougher than existing federal standards, which Maryland’s secretary of the environment estimates will lower emissions by 65% compared to current standards.

It is further argued that the cost to comply with the new regulations should be “minimal,” estimating that the “compliance cost would average \$2,320 per facility with an average annualized compliance cost of \$1,022 per facility.”

The Department of the Environment will hold a public hearing on the rules on Jan. 11, 2012 at 10 a.m. at the department’s conference room, located at 1800 Washington Blvd, Baltimore. Comments may also be sent to Deborah Rabin, regulations coordinator at drabin@mde.state.md.us, and must be received by Jan. 11, 2012.

IRS Cash Reporting forms should be sent to buyers by January 31, 2012

WANADA wants to remind all members to contact any purchaser for whom you were required to file a Form 8300 by virtue of \$10,000 *plus* cash transactions in 2011. Each purchaser should receive a cash reporting notice by January 31, 2012, stating that the dealership has filed

Form 8300 with the Internal Revenue Service. The statement must show the name and address of the dealership, the total amount of reportable cash received and indicate that the information was provided to the IRS. Dealers should also keep a copy of the correspondence in permanent company files.

Below is language a dealer can use to counter the “surprise” some customers express in being informed of the dealership’s cash reporting responsibilities:

Dear Customer:

We are required by the Internal Revenue Service (IRS) to report transactions involving more than \$10,000 in cash and “cash equivalents,” under the provisions of 25 U.S.C. 60501. We have filed a Form 8300 with the IRS on (month, day, 2011), indicating that you provided us with (dollar amount) in connection with the purchase of your (year, make, model). We wanted you to know that we have complied with this federal reporting requirement.

Thank you again for your business.

Dealerships should make sure they are using the most recent version of Form 8300.

California goes *all in* for zero emission vehicles

The California Air Resources Board (CARB), which has been the major driving force for reduced emissions from cars and trucks, has raised the ante again, announcing last week that it is considering a requirement that battery, fuel cell, and plug-in hybrid electric vehicles account for 1.4 million new vehicle sales in the state between 2018 and 2025. This amounts to nearly one out of four new vehicle sales in the state.

CARB will consider adoption of the new clean car regulations at its January board meeting in Los Angeles. CARB’s position is that if federal global warming pollution standards remain on course, it will accept the federal standards as an alternative to its own proposals. California will still, however, maintain its separate vehicle smog, particulate, ZEV and CFO requirements.

CARB estimates the advanced clean car program would save Californians \$22 billion through 2025, and asserts that in 2025, the program would create 21,000 new jobs across the state as consumers spend less money on gasoline and shift that money to more productive parts of the economy.

It says individual consumers would save \$4,000 over the life of the typical car sold in 2025 through fuel cost savings, even after paying for clean car technology. CARB estimates that consumers who take out a typical new car loan would see savings in the first month they own their car because fuel savings would more than offset their increased loan payments.

CARB’s aim is that by 2025, California will achieve a 75% reduction in smog-forming emissions from new cars and light truck tailpipes, the near elimination of evaporative emissions, and a reduction in toxic particulate matter.

Interestingly, and as was reported by *Automotive News* this week, Mike Jackson, CEO of AutoNation, made a rather salient point at WANADA's Annual Lunch regarding the selling of EV and hybrid powered vehicles, likening the challenge to offering a coffee buyer broccoli when what he/she really wants is a donut.

New study suggests car sharing likely to rise

A new study done for Zipcar, the car-sharing network, suggests car sharing is becoming more attractive to young people each year.

The study, conducted in October 2011 by KRC Research, shows that more than half of 18-34 year olds (Millennials) surveyed have actively made an effort to drive less, up 10 percentage points from 45 percent in 2010, highlighting the growing trend of consciously reducing road time.



Some of the factors they cite for driving less frequently include environmental concerns, total cost of vehicle ownership and an increased use of social media. More than half of Millennials surveyed stated "protecting the environment" as one key reason for driving less, also up 10 percentage points from 45 percent last year. The study further reveals that more than three quarters (78 percent) of 18-34-year-old respondents who are licensed drivers say car ownership is difficult due to high costs of gas, parking and maintenance. In contrast to other age groups, social media is increasingly another factor for Millennials driving less. Sixty-eight percent of 18-34-year-olds, up 14 percentage points from 54 percent in 2010, say that they sometimes choose to use social media rather than go out to see friends and family.

"Policy makers should take notice and accept that our youngest generation will not think about transportation the way we have for the last hundred years, nor will future generations," continued Griffith. "Our most forward-looking policy makers are thinking about housing, land use, highways, bridges and gas taxes like it's 2015 rather than 1971. It is my hope that these thought leaders will inspire a broader dialogue on mobility policy instead of sticking with an outdated transportation policy that directs limited funds almost exclusively toward highways."

Full study and results can also be viewed at http://www.slideshare.net/Zipcar_Inc/millennial-slide-share-final

Staying ahead...

"The difference between genius and stupidity is that genius has its limits."

--Albert Einstein