2017 PAA Regional Meetings

Important Industry Information

Register Today

May 9
Sheraton Erie
9:00 a.m.

May 4
Mohegan Sun
10:30 a.m.

May 16
Gtr Pitts. ADA
9:00 a.m.

May 2
Blair County CC
10:30 a.m.

May 23
West Shore CC
9:00 a.m.

June 6
B.Western Lehigh
10:30 a.m.

April 27
ADA Gtr Phila
10:30 a.m.
John Devlin, President

Mark Stine, Executive Vice President
Legislative & Public Affairs

Chad Marsar, Esq., Vice President
Legal & Regulatory Affairs

Bill Egan, PAA Chairman
Kelly Motor Company, Scranton

Don Busey, Director,
Training & Compliance
Hilton Head
2017 PAA Fall Conference October 4-8
2017 Scholarship Recipients

Automotive Technology - 5 Awarded

- Lakeside Chevrolet in North East
- Hill International in Eighty Four
- Brubaker Chrysler Jeep in Lancaster
- Troutmans Chevrolet Buick GMC in Millersburg
- Sunbury Motors in Sunbury

Community Service - 9 Awarded

- Blaise Alexander Family Dealerships in State College
- Fiore Toyota Volkswagen Audi in Hollidaysburg
- Sloane Toyota in Glenside
- Kenny Ross Chevrolet in Irwin
- #1 Cochran in Matrone Heights
- Dotts Motor Company in Clearfield
- Colonial Volkswagen in Feasterville
- David Dodge in Glen Mills
- McQuillen Chevrolet Buick in Girard

$192,500 in scholarships to 14 students.
Upcoming Webinars

- Common Pitfalls when Managing Employees
  - Presented by McNees Wallace & Nurick
  - May 10 – 10:00 – 11:30 a.m.

- Employment Law “Hot” Topic Update
  - Presented by McNees Wallace & Nurick
  - June 13 – 10:00 – 11:30 a.m.

Coming Soon...

- Hiring and Retaining Employees Topic – Hireology
- Dealership Compliance – PAA Staff
Meeting Overview

- Political Update/Legislative Review
- Offensive/Defensive/Collaborative Issues
- Popular Topics
- Programs and Services
POLITICAL CLIMATE IN HARRISBURG

Governor Tom Wolf (D)
→ Re-election mode
→ Governor’s Race has already commenced.

Joe Scarnati (R)
Senate President Pro Temp

Mike Turzai (R)
Speaker of the House

Jake Corman (R)
Majority Leader

Dave Reed (R)
Majority Leader

Senate
34 - (R)
16- (D)

House
121 - (R)
82- (D)
Wolf Budget Proposal

Current Budget - FY 2016-2017
$1 Billion Deficit

Proposed FY 2017-2018 Structural Deficit
$2 Billion

Governor’s Proposal
- Reducing Government Expenditures $2 Billion
  • State Agency Complement Controls
  • State Agency Consolidation/Coordination
  • State Police Costs → Municipalities
  • Facility Closures/Leasing
  • “Eliminating/reducing programs outside Commonwealth’s core mission”

Revenue Increases
- Natural Gas Severance Tax $1 Billion
- Insurance Premiums Tax
- Eliminate Special Interest Tax Loopholes $3 Billion
Wolf Budget Proposal

Current Budget - FY 2016-2017
$1 Billion Deficit

Proposed FY 2017-2018 Structural Deficit
$2 Billion

Governor’s Proposal
- Reducing Expenditures/Increase Revenue
$3 Billion

Governor’s Assumptions
- Increase in Minimum Wage to $12/hr.
- Establishment of Natural Gas Extraction Fee/Tax
- Republican passage of tax increases on Natural Gas Extraction

NO MENTION OF PUBLIC EMPLOYEE PENSION COSTS

Coincidence?
2015-2016 Session

Offense

2015

✔ Customer Primary Liability of Service Loaner Vehicles

✔ Salesperson Multiple Dealership Licensure – Common Ownership

2016

✔ In-Transit Plates - 30 to 60 Days

✔ Flexibility in PennDOT Sanctions for Safety Inspection Program Violations
1. Vehicle Sales Tax Trade in Exemption
2. Emissions Inspection Program (Reintroduced)
3. Safety Inspection Program
4. Regulation of Service Contracts
5. Vehicle Recall Disclosure (Reintroduced)
6. Sunday Sales (Reintroduced)
Trade-in Video

Video can be viewed online at
https://www.youtube.com/watch?v=XF1b6qP98bs&t=6s
Or by searching PA Trade In
PAA Legislative Agenda - 2017

**Defense**

1. Vehicle Sales Tax Trade-in Exemption – PA State Budget
2. Emissions Inspection Program Modification - Tailpipe Test Elimination Proposal
3. Sunday Sales
4. Independently introduced recall proposals
5. Lemon Law expansion initiatives
6. Vehicle auction – off premise sales
7. Counterfeit airbags
8. Agriculture equipment dealers – Vehicle Board Licensure
Vehicle Recalls

- **New Vehicles**
  - Federal Law “Stop Sale”
  - Once a dealer receives notice of a safety recall, affected new vehicles or parts may not be delivered until the defect is remedied.
  - OEMs must reimburse dealers for the cost of remedying recalls AND provide at least 1% per month of the manufacturer selling price.

- **Rental Vehicles**
  - Dealers with an average of 35 or more rental vehicles in their fleet over a calendar year are required to ground recalled rental vehicles until they are remedied.

- **Used Vehicles**
  - Federal law does not restrict sale of vehicles (parts-yes)
    - Potential liability concerns
  - Recommended that all used inventory be checked.

- **In-Brand Service Customers**
  - Required to notify “in-brand” service customers of any open recalls.

- **http://www.safercar.gov/**
### Offense

#### Used Vehicle Recall Legislation
- Reimbursement for Dealers – open recalls with stop sale orders
- Disclosure to consumers

#### History:

<table>
<thead>
<tr>
<th>Year</th>
<th>States</th>
<th>Event Description</th>
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</thead>
<tbody>
<tr>
<td>2016</td>
<td>Virginia, Maryland</td>
<td>Pass legislation for used vehicles subject to recall mirroring Federal law providing 1% reimbursement.</td>
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</table>

#### 2016-2017

**Automotive Trade Association Executives (ATAE)** from across the country engaged with *manufacturer representatives* on recall reimbursement.

### Global Automakers
- Aston Martin
- Ferrari
- Honda
- Hyundai
- Kia
- Maserati
- McLaren
- Nissan
- Subaru
- Suzuki
- Toyota

### Alliance of Manufacturers
- BMW
- Fiat
- Ford
- GM
- Jaguar
- Land Rover
- Mazda
- Mercedes Benz
- Mitsubishi
- Porsche
- Toyota
- Volkswagen
- Volvo
**ATAE** + **Global Automakers** = framework legislation

**PART 1:**

- After **15 days**, compensation at a rate of **1.75%** of the value of the in-brand vehicle per month while the recall or remedy parts are unavailable and the stop sale or do-not-drive is in effect.
Offense

Why Now?

States That **Have Introduced**, are **Introducing** or **attempting to introduce**
**Used Vehicle Recall Legislation**
Offense

Why Now?

- Global Automakers may be neutral/helpful in passage.
- We may have already seen the negotiation floor in Alabama

States That **Have Introduced**, are **Introducing** or **attempting to introduce** Used Vehicle Recall Legislation

- Will Reimbursement be paid?
  - If no law, it will never be paid.
Used Vehicle Recall Legislation
- Reimbursement for Dealers
- Disclosure to consumers

PART 2:
- Disclosure to customer of any open, unremedied recall using safercar.gov.
  - Best practice – strongly recommended by counsel
  - Good public relations issue for legislature/consumer-friendly
  - Reduces dealer liability
  - Preemptive action/self regulation instead of imposed on industry
    - See other states (NY, CA, NJ)
  - Dealer compliance/fines
  - Pushback from trial lawyers disguised as consumer groups
  - All used vehicle dealers will need to comply, generating more business/warranty work for franchised dealers.
Offense

Used Vehicle Recall Legislation
- Reimbursement for Dealers
- Disclosure to consumers

Other Challenges:
- Alliance will oppose the legislation.
- Other proposals could surface.

Recommendation:
- Strategic timing of introduction after budget, next 6-12 months
- Use Regional Meetings and Bulletin to educate dealer community on disclosures
PAA Legislative Agenda - 2017

Other Pending Issues

- Dealer Licensing Initiatives
- PennDOT Safety Inspection Penalties and Suspensions
- FTC Buyer’s Guide - UPDATED
- Recent Attorney General Enforcement Actions
- Dealer and Salesperson License Renewal - May 31
Recertification of Safety Inspection Technicians

- Technicians now recertify every 5 years,
- 24/7 website with online exam and training material,
- Training is optional – available on any computer with internet access or at an official PennDOT approved school.
- 80% passing grade required,
- You have three attempts to pass the exam. Should you fail to pass in each of those attempts, you will be required to retake the initial baseline exam and tactile test at a PennDOT approved school.
Recertification of Safety Inspection Technicians

As of April 26, 2017

<table>
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<tr>
<th>Summary</th>
<th>Count</th>
<th>%</th>
<th>Avg Score</th>
</tr>
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<tbody>
<tr>
<td>Recertified</td>
<td>9052</td>
<td>93.1%</td>
<td>89%</td>
</tr>
<tr>
<td>In-Progress</td>
<td>543</td>
<td>5.6%</td>
<td>66%</td>
</tr>
<tr>
<td>Failed</td>
<td>128</td>
<td>1.3%</td>
<td>69%</td>
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Online Training

Basic Training

Advanced Training

Notary Training

Register online at www.paa.org/seminars

Required for anyone involved in completing motor vehicle transactions or responsible for paperwork.
Macrosmith Scanning

- PAA vetted company – preferred partner
- Solution specifically geared toward auto dealers
- Satisfies all PennDOT requirements
- Intuitive program making process simple
- Perpetual contract – can terminate anytime
- Fixed price per month – no matter how many documents scanned
- Price based on sales volume
- Ability to use cost-effective scanners
- Located in State College, PA
- Servicing over 27 states
Career Awareness
Online at www.paa.org

--Career Presentation How-To-Packet
*Middle School/Junior High
*High School
*Technician Specific

--Resources
*Video
*Power Point Presentations
*Brochures

Brochures

Presentations

Now is the Time to Begin Your Career in the Automotive Industry

Our Dealerships
Exciting Careers in the Automotive Industry

What do you know?

*Two questions on the screen*
Insurance/Benefits Study
No one can sit the game out - We need everyone participating

Only 294 contributors to PAC in 2016
Unique design - Incentives

Administrative Tool for Dealers with Charitable Intent

80+ accounts from dealers across PA, totaling $50 M

Approximately $2.5 million to charities each year

Donated to charities of dealer’s choice
Abandoned Vehicles

Title Issues

Employment Issues

Red Flags

Spot Delivery

Recertification of Inspectors

PennDOT Contracts

Documentary Fee

Advertising

Taxes

Criminal History Process

Warranty/Sales Incentive Audits

Questions