



Dear NFADA Members,

Below are several informational updates regarding the automotive retail industry. We are confident that you will find the information interesting and insightful.

### **NADA Economic Analysis and Washington, D.C. Conference**

The National Auto Dealers Association recently updated its state-by-state economic data analysis pertaining to auto dealerships. The document, *Automotive Retailing: State by State – How Franchised New Car and Truck Dealers Contribute to the National and State Economies* can be found by clicking here: <https://www.nada.org/statedata/>. The document provides a one-page summary for each state, which shows the retail auto industry's impact on the overall U.S. economy. You can click on any state on the map to get data for that respective state, including employment and payroll data.

This information will be utilized extensively next week at NADA's Washington Conference during visits with members of Congress. NFADA will be participating in the conference and meeting with our entire congressional delegation on Wednesday, July 20, 2016 to discuss NADA's key legislative priorities which are as follows:

- Obtain bipartisan support to pass S. 2663, an NADA-backed [CFPB auto finance guidance reform bill](#) in the Senate by the end of the year (and thank House members who voted "yes" on its House companion bill, H.R. 1737);
- Ensure overbroad [vehicle recalls](#) bills are defeated (S. 900/H.R. 1181); and
- Educate members of Congress on NADA's [tax reform priorities](#), such as preserving LIFO and maintaining advertising deductibility, in anticipation of a comprehensive tax reform bill next year.

### **Internal Revenue Service**

The IRS has issued proposed regulations that are intended to disallow or significantly curtail many valuation discounts. These discounts are one of the most effective methods used by dealers in estate planning. Dealers who are considering making gifts of family owned dealership or related business entities that would be eligible for valuation discounts should consult with their tax advisor about whether to act quickly to make those transfers prior to the regulations being finalized. Marv Hill and Joseph Magyar with public accounting firm of Crowe Horwath LLP have drafted an [issue brief](#) on this matter which we encourage you to read and potentially review with your legal and accounting advisors.

### **Washington Post Story on Tesla**

The Washington Post recently published a story about Tesla and some of the "battles" it has faced and is facing across the country. An excerpt from the and link to the entire article can be found below:

**Tesla plans to not only make electric cars as cool and fast as gas-guzzling sports cars but also to upend the way cars are sold.** For generations, automobile manufacturers have been banned by state law from selling directly to consumers. Battles have been breaking out in capitals across the country over laws that prohibit these manufacturers from selling directly to consumers. Arguments have occurred in statehouses in Texas, Ohio, Washington, New Jersey, and more than 20 other states, with mixed results. Legislatures want to open up markets for electric vehicles but are wary of undercutting dealers, which are local economic and political engines. "A franchised auto dealer, they're involved with all the banks that are around," said Zach Doran, president of the Ohio Automobile Dealers Association. "They've obviously got a significant customer base they've built over time. They have a tremendous amount of goodwill they've built up with charitable organizations." [For more on the ongoing battle between Tesla and franchised car dealerships, click here.](#)

**Virginia DMV Hearing Officer Rules Against Proposed Tesla Dealership**

Late last week, it came to our attention that a hearing officer presiding over a case brought by Tesla before the Virginia Department of Motor Vehicles recommended that Tesla should not be permitted to own its own dealership in Richmond, Virginia. Tesla applied with the DMV to own and operate a dealership in Richmond even though eleven successfully operating Virginia dealers had contacted Tesla with an interest in becoming Tesla franchisees. The hearing officer's recommendation that Tesla should not be granted a license followed the reasoning of the Commissioner of Motor Vehicles' decision in 2013: "Simply put, the evidence does not support Tesla's request. There are dealers independent of Tesla - at least eleven of them - prepared to be Tesla's dealers...Those eleven dealers who have expressed interest are already licensed dealers operating in the public interest, especially the five that took the time to testify, and they will operate in the public interest as Tesla dealers."

**Andrew MacKay**  
**Executive Director**  
**Nevada Franchised Auto Dealers Association**  
**(775) 331-6884**