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May 19, 2022

Greetings &&First Name>>,

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## All Kinds of Changes on the Political Front

Seems to me, this is a mighty fine time for a few VADA members to consider heeding the call to higher service by running for a seat in the Vermont House or Senate. Looks like they'll be plenty of room available

As reported recently, close to half of the sitting members in the House have not yet committed to run again, nine committee chairs have announced they will not run, and more than a third of sitting senators will not return to the State House next year. Some are running for higher office; more are simply retiring.

Governor Phil Scott announced he will run for a fourth term, citing accomplishments achieved during his first three terms and noting there is additional work to be done. He is a very popular political figure in Vermont, and it will be interesting to see if any serious contenders step up to challenge him.

Lieutenant Governor Molly Gray is running to replace Congressman Peter Welch, who is running to replace Senator Patrick Leahy and being challenged by Christina Nolan, former US Attorney for the District of Vermont. Current Attorney General Chief of Staff Charity Clark is running to replace Attorney General TJ Donovan, who has announced he will not run for reelection. Not sure where he might land.

Several candidates are running for the Lieutenant Governor's position including Senator Joe Benning, Representative Charlie Kimbell, Non-Profit Executive Director Patricia Preston, former Representative and House Appropriations Committee Chair Kitty Toll, and former Lieutenant Governor David Zuckerman.

Current Director of the Department of Finance and Regulation Michael Pieciak will run to replace Vermont Treasurer Beth Pierce who has announced she will not run, citing health challenges.

And finally, though this is not an elected or government position, former Commissioner of the Department of Environmental Conservation has accepted a position as the new Managing Director of Efficiency Vermont.

I haven't heard of any anticipated changes within the Agency of Transportation or the Department of Motor Vehicles, so maybe we'll see some continuity there.

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## Welcome the New Members!

At Lake Champlain, LLC dba Allegiance Trucks – Jericho

6 Orr Road

Jericho, VT 05465

Owner: Michael Sirignano

[www.allegiancetrucks.com](http://www.allegiancetrucks.com)

At Western Vermont, LLC dba Allegiance Trucks – Burlington

964 Hercules Drive

Colchester, VT 05446

Owner: Michael Sirignano

[www.allegiancetrucks.com](http://www.allegiancetrucks.com)

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## Mitchell Jay, NADA Board of Directors Update—May 2022

Fellow Vermont Dealers,

Over the past few weeks, I spent time in Mc Lean, Virginia on sub-committee meetings for Dealer Operations and last week working on the NADA Show that will be in Dallas for 2023. Dealer

operations had several ideas to increase educational opportunities for our dealerships and staff and were looking for dealers to provide feedback. NADA Dealer operations enjoyed healthy membership increases in our 20-group program. It is good to see more dealers taking advantage of the opportunities to network and improve their operations.



The NADA Show committee got tighter this past Tuesday to discuss the operation results and survey data from our 2022 show in Las Vegas and to start lining up speakers for the 2023 show in Dallas. For those that made the 2022 show we kicked our opening night off with a celebration at Allegiant Stadium. We had a great line up of exhibitors, speakers and features in the new West Hall and part of the old North Hall in the Las Vegas Convention Center. I would encourage everyone to consider taking part in the 2023 show.

Earlier this month, I participated in a virtual update for NADA Board members. 2022 Chairman Mike Alford and NADA President and CEO Mike Stanton are committed to ensuring good communication between NADA and its member-dealers. And a big part of that is keeping the Board briefed on key issues throughout the year so we can share that information with the dealers we represent. This most recent Board update occurred at roughly the midpoint between the March Board meeting, and the upcoming June Board meeting in California.

The three main topics covered in this update were: efforts to secure LIFO relief; regulation of dealer-assisted financing and F&I products; and the launch of the brand-new [nada.org](http://nada.org) website.

### **Efforts to Secure LIFO Relief**

- Despite broad bipartisan congressional support for the Treasury Department to use its existing authority to allow LIFO relief to businesses if a “major foreign trade interruption” makes inventory replacement difficult, Treasury has declined as it believes it needs additional legislative authority. As such, NADA’s efforts have shifted to securing LIFO relief through legislation that can pass both chambers and be signed by the President.
- On April 4, Reps. Dan Kildee (D-Mich.) and Jodey Arrington (R-Texas) introduced the “Supply Chain Disruptions Relief Act” ([H.R. 7382](#)) which explicitly provides Treasury such legislative authority. On April 28, Sens. Sherrod Brown (D-Ohio) and Tim Scott (R-S.C.) introduced S. 4105, a Senate companion bill. Cosponsors need to be added to the bill to demonstrate bipartisan support, and NADA is working with Directors, ATAEs and dealers in a targeted fashion to secure additional cosponsors.
- The [92 House Members and 52 Senators](#) who signed [letters](#) to Treasury Secretary Janet Yellen supporting LIFO relief for dealers are excellent prospects for potential cosponsors. Stand-alone tax bills are rarely enacted, so generating significant numbers of cosponsors is necessary to encourage Congressional leadership to attach the bill to a broader legislative package that is likely to pass.

### **Regulation of Dealer-Assisted Financing and F&I Products**

- A recent major consent order underscores the FTC’s intention to hold **dealer leadership—as well as the dealership entities themselves**—responsible for alleged unlawful behavior, and it further highlights the

need for dealers to conduct robust training on and oversight of all aspects of their sale and finance operations.

- As part of the terms of the settlement, the dealership group must establish a comprehensive fair lending program that, among other components, requires the dealership in retail installment sale contracts involving dealer participation to (i) establish a standard dealer participation rate (SDPR) below a certain threshold that will be charged to all consumers, and (ii) only deviate below the SDPR for certain defined reasons that are recorded and approved by the dealership's fair credit compliance officer. This program is very similar to the optional [\*NADA/NAMAD/AIADA Fair Credit Compliance Policy and Program\*](#).
- As a reminder, NADA offers multiple products to assist dealers in this area, including the optional [\*NADA/NAMAD/AIADA Fair Credit Compliance Policy and Program\*](#) referenced above and the optional [\*NADA/NAMAD/AIADA Model Dealership Voluntary Protection Products Policy\*](#), which provides guidance and a policy template to help promote compliance with the selection, sale, and administration of VPPs that are offered to consumers. Dealers should carefully review these products with an attorney who is familiar with federal, state, and local law governing fair credit and VPPs as well as their dealership operations to determine appropriate compliance measures to adopt for their dealership.

## **The Launch of the Brand-New NADA.org Website**

- Just last week, NADA completed the launch of its new flagship website ([nada.org](http://nada.org)), featuring a one-stop auto retail news hub for the dealership community ([nadaheadlines.org](http://nadaheadlines.org)).
- This is not your average trade association site. It will be updated around the clock with news and content spanning education, public policy, videos, blog posts and graphics showcasing all the work that we all do on a day-to-day basis.
- NADA's vision is to have [\*NADA Headlines\*](#) be the homepage for every dealer principal and dealership employee in the United States – a hub where everyone who works in and around auto retail can get everything they need to effectively run their dealerships or departments; including breaking news, best practices, education and more.
- Please bookmark [www.NADAheadlines.org](http://www.NADAheadlines.org) as a favorite in the browser of your choice and join our community by returning often.

NADA's next full Board meeting is scheduled for June 7-8, and I look forward to providing you with another update following that meeting.

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**Want to advertise your products or services to our members? Click here to learn more!**

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### **Wanted: Vermont Representative to NADA Board of Directors Vacancy**

We've been fortunate in the past to have very dedicated members willing to serve as the Vermont representative on the NADA Board of Directors. Mitchell Jay is stepping down this year and we are looking for a Vermont dealer willing to serve. These are the eligibility requirements:

To be eligible to serve as a Director, a member (or the authorized representative identified with such member) must be in good standing; must have an equity interest in the dealership entity he/she represents; must be the manufacturer/distributor-recognized Dealer/General Manager/Executive Manager of the dealership; must be actively engaged in the management of said dealership; and must have his/her principal place of business in the state or district which he/she will represent. Any member who is eligible and accepts the office of NADA Director authorizes the NADA Board of Directors to verify with his/her manufacturer/ distributor that he/she is the designated Dealer/General manager/Executive Manager of the dealership.

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### **VT Highway Fatalities Up 33% This Year**

According to the Vermont Daily Chronicle, as of May 16, there have been 24 crash fatalities on Vermont's roads in 2022 – a 33% increase over last year, and a 60% increase over the 10-year average. There were 18 at this point last year and the 10-year average for this date is 15, [state police report](#).

The 73 traffic fatalities in 2021 were the most in a decade. [Vermont State Police told News 5](#) last December 30 that “speeding, drug and alcohol consumption, and refraining from seat belt use” were the main causes.



Please be sure your employee training stresses the dangers of distracted driving and the importance of wearing a seatbelt. Would be great to think you don't have to ask employees to refrain from drugging, drinking or speeding on the job, but you need to do that too.

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## **Workers Comp Safety Corner**

When was the last time you checked the GFCI outlets that protect you from electrical shock in wet areas? You should check them each month.

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## **Catalytic Converter Thefts Plague Car Owners, Bog Down Service Bays, Hit Insurance Companies**

The numbers of catalytic converters being torn from vehicles continues to rise, with theft numbers skyrocketing over the past several years, according to insurance companies, police agencies and car service centers. The devices are used to catalyze, or chemically convert harmful exhaust gases such as hydrocarbons, carbon monoxide and nitrous oxide from a car's gas engine.

[Read more here.](#)

*Source: Forbes*

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## **These are the Vehicles Most Likely to Have Their Catalytic Converters Stolen**

It's been well documented that catalytic converter thefts from cars, trucks, and SUVs have skyrocketed in recent years. The National Insurance Crime Bureau (NICB) says they've jumped from 3,389 thefts reported in 2018 to 14,443 in 2020 (the last year for which stats are available), which amounts to a whopping 977 percent increase. The vehicle history information company Carfax studied service reports for catalytic converter replacements among its more than 60,000 affiliated repair shops from 2019 through the first quarter of 2022 to determine which models were most frequently targeted by thieves. The list runs the gamut from older to newer rides across most vehicle classes. [Read more here.](#)

*Source: Forbes*

**Editor's Note:** NADA supports H.R. 6394, the "Preventing Auto Recycling Theft" (PART) Act, which would assist law enforcement in their efforts to combat catalytic converter theft by marking catalytic converters and creating a more transparent market that deters theft. Dealers should encourage Members of Congress to cosponsor H.R. 6394 to help curb the growing national problem of catalytic converter theft.

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## EV Chargers Emerge as Targets for Hackers

As electric vehicle sales pick up steam worldwide, EV charging stations are emerging as an enticing target for hackers. Automotive News reports chargers provide a new opportunity for "hackers looking for ways to make money," warns Yoav Levy, CEO of Upstream Security, an Israeli provider of automotive cybersecurity platforms. "On one hand, chargers are connected to the grid, and on the other hand, they're connected to your car," Levy said. High-profile incidents of hacked charging stations around the world have spotlighted the vulnerabilities. Three charging points on the Isle of Wight in England were hacked to show pornography on their screens, according to BBC News. In February, EV charging stations along a major highway between Moscow and St. Petersburg in Russia were disabled by hackers protesting the country's invasion of Ukraine. The chargers' screens reportedly displayed a vulgar insult directed at Russian President Vladimir Putin, among other pro-Ukraine and anti-Russia messages. [Click here to learn more about EV charger hackings.](#) (Requires subscription)

Source: Automotive News

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## Thinking of Accepting Crypto? Don't Overlook New Cash Reporting Duties

Questions about whether dealers should accept cryptocurrency ("Crypto") as payment for vehicles, service work, or parts have historically focused on the practical impact of such a step. For example, does a dealer wish to accept a relatively illiquid asset, with potentially wild swings in valuation as payment for a vehicle with a fixed wholesale price? Should a dealer only accept Crypto as payment in full for a vehicle, or can they accept it as a "down payment" in a finance transaction (and what do the finance sources allow?). And these concerns are only increased as you consider newer and more speculative



Crypto options – (Dogecoin anyone?).

Source: NADA

## **Dealerships are Feeling Workforce Shortages: 5 Ways to Attract and Retain Qualified Workers**

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Labor shortages are not new to the dealership industry. Dealers have known for years that they have to be creative to attract all types of employees, from technicians to salespeople. Unfortunately, the pandemic has enhanced workforce shortage challenges across all industries, and the automotive industry has been one of the hardest hit. [A recent Fisher Phillips survey revealed that 87% of automotive employers experienced “moderate to severe” difficulty finding and retaining workers in 2021.](#) Additionally, 28% of the survey respondents saw more women than men leave their organizations in 2021. What does this mean for dealers? Now more than ever, you must find creative yet compliant methods for recruiting and retaining qualified employees in an increasingly competitive labor market. This Insight will provide five strategies you can implement to attract and retain qualified employees. Read more [HERE](#).

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## **Overview of Proposed ZEV Regulations for CA’s Advanced Clean Cars II Program**

Here is a [link to slides](#) from the California Air Resources Board providing an overview of the proposed Zero Emission Vehicle (ZEV) Regulation for California's Advanced Clean Cars II program. Vermont has been part of the California program for years, along with most of the other New England states.

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## **McClaughry: Heating Fuel Tax Dead – for now**

**by John McClaughry, VP of the Ethan Allen Institute**

On May 11, the short life of the Clean Heat Standard (CHS), promising “clean heat for a cooler planet,” came to sudden but probably not final end.

To understand how the CHS originated, let’s go back to September 2020. The legislature, over Gov. Scott’s veto, enacted the Global Warming Solutions Act.

The Act declared that the “climate crisis is both caused by and exacerbated by greenhouse gas emissions that result from human activity”. Therefore, Vermonters must be made to reduce emissions of carbon dioxide from combustion of fossil fuels – heating oil, natural gas, gasoline, diesel, and propane – by 26% below 2005 levels by 2025, and by 80% below 1990 levels by 2050.

The GWSA established a government-within- the- government called the Vermont Climate Council (VCC), with 8 members from the Scott administration and 15 others, all but one appointed by legislators from among the supporters of activist organizations promoting passage of the GWSA. A crucial provision authorized “any person” to bring a lawsuit against the State if it fails to achieve the mandatory emissions reductions, asking the Court to instruct Administration officials to move faster and harder.

Since more than two thirds of Vermont CO2 emissions come from the transportation and heating sectors, those two sectors were targeted for the bulk of the mandated reductions. The VCC spent a year creating a 273 page report, released in December 2021, containing a host of measures, mandates and pathways to reduce CO2 emissions.

The transportation provisions were built around the Transportation and Climate Initiative (TCI-P), aimed at discouraging internal combustion vehicles by adding the price of required “allowances” to every gallon of motor fuel sold into the state. The fuel distributors would buy allowances from their state governments, thus providing an annual multimillion dollar stream of revenue for the governments. This revenue would finance the subsidies and protect the poor and most vulnerable from the higher motor fuel prices.

Why not just levy a per gallon tax on gasoline and diesel fuel to make them more expensive? That was rejected because it had the word “tax” in it. Carbon tax proposals had been offered in the Vermont legislature starting in 2014, and even in a legislature heavily dominated by “green” legislators, none of the proposals ever came to a vote. The Climate Action Network banned the use of the dangerous word “tax” in their advocacy.

Alas for the Climate Council, the TCI-P and its lucrative “allowance” sales collapsed in late 2021. Attention then turned to the space heating sector. Richard Cowart of the Climate Council, for many years the chairman of what is now the Public Utility Commission, sold the Clean Heat Standard (CHS)

proposal to the receptive Council. It resembled the now defunct TCI-P by requiring fuel dealers to buy “credits” distributed by the PUC to weatherizers and installers of electric heat pumps, wood pellet furnaces, and other non-fossil fuel heating alternatives.

An extraordinary feature of the CHS is giving the PUC free rein to create unlimited “credits” and assign them to worthy projects and enterprises. Customers of Vermont heating fuel distributors would pay for these credits. The CHS is a stealth carbon tax, with the fuel distributor forced to become the tax collector.

For some legislators, an attractive feature of the CHS was that no legislator would ever have to vote on the taxes that the unelected PUC would levy. To its credit, the Senate Appropriations Committee inserted a Check Back provision that required a legislative vote before the tax raising machinery could be set in motion in 2024. The CHS passed the House 99-44 and the Senate 23-7.

Gov. Scott, while declaring his fidelity to the climate crisis narrative, nonetheless decided to veto the bill, even with a Check Back provision now included. (His veto message disputed that.) Every Republican was firmly opposed to the whole scheme. Every Democrat and Progressive was in favor. That should have been enough to – barely – override Scott’s veto. But to the surprise of the Democratic leadership, three Democratic members weren’t sold on this plan. They voted No, and not one could be pressured into reversing his or her vote. The 99-51 vote to override in the House fell one vote short. CHS is dead – at least until January.

In a post-veto news conference Scott indicated that when the CHS policy, costs and impacts are more fully worked out, presumably in 2023, a “revised” CHS might yet win his support. That was not encouraging news to the fuel dealers and their customers who will pay the CHS bill. It couldn’t help but reinvigorate the Climate Council, the Climate Action Network, VPIRG and VNRC, who have urgently promoted the GWSA, TCI-P, CHS, and the earlier carbon tax proposals that failed.

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## **April 2022 Kelly Book Average Transaction**

**Luxury Share Increases in April, Pushing New-Vehicle Average Transaction Prices Higher, according to Kelley Blue Book**

- Consumers continued to pay well above MSRP for a new vehicle, marking 11 straight months of an “over sticker” market.
- With low inventory and high demand, incentives dropped to a record low in April, averaging only 2.8% of the average transaction price.
- Luxury vehicle share rose to 17.4% of total sales in April, up from 16.7% of total sales in March, helping push overall average transaction prices up.



[Read the full report here.](#)



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