

Helping You Drive Vermont's Economy



June 24, 2022

Greetings <<First Name>>,

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**VADA and ComplyAuto to Host Free
FTC Safeguards Rule Webinar July 14 at 10 a.m. EST (Thursday)**

MARK YOUR CALENDAR.....Link to Follow

The Federal Trade Commission (FTC) recently finalized revisions to its Safeguards Rule that creates significant additional technical and administrative compliance requirements for dealers and others such as internal penetration testing, vulnerability assessments, use of multi-factor authentication, data encryption, security awareness training, and the performance of written risk assessments.

Dealers must act immediately to meet compliance with the new rule which takes effect **December 9** or otherwise risk penalties of up to **\$46,517 per violation**. When opposing the rule, NADA estimated that compliance costs could be as much as **\$276,925 per year** per dealership.

The Vermont Vehicle and Automotive Distributors Association is pleased to announce that they have partnered with ComplyAuto, an experienced dealership compliance company that specializes in automating the complexities of privacy and cybersecurity requirements through software and other tools, to help make compliance with these extensive new regulations affordable to dealers of all sizes.

VADA and ComplyAuto will be hosting an informative webinar on how to comply with the new regulations and the services offered by ComplyAuto as follows:

Date: July 14, 2022 (Thursday)
Time: 10 a.m. EST
Duration: ~1 Hour
Cost: Free
Register: [Link to follow](#)

Recommended Attendees: Dealer principals, IT staff, legal counsel, GMs, Business Managers, Controllers, or other personnel responsible for information security.

In the meantime, dealerships looking for a solution to help ease the burden and cost of the revised Safeguards Rule are encouraged to contact Chris Cleveland by email at Chris@ComplyAuto.com, by phone at (661) 214-9760, or schedule a demo at <https://www.complyauto.com/schedule-demo/>

VADA Annual Meeting Reminder - Mark Your Calendar - September 29, 2022

Safeguards Rule - FTC Issues Further Guidance

On May 24, 2022, the Federal Trade Commission (FTC) released additional guidance on the revised Safeguards Rule titled “FTC Safeguards Rule: What Your Business Needs to Know.”

The webpage guide uses a to-the-point Q&A approach to address any questions the dealership may have on compliance. The FTC guide can be accessed at:

<https://www.ftc.gov/business-guidance/resources/ftc-safeguards-rule-what-your-business-needs-know>.

NADA has also published “A Dealer Guide to the FTC Safeguards Rule” to provide information and resources to aid dealerships in compliance. The Guide is available at <https://www.nada.org/safeguardsrule/>.

Dealerships should also consult with legal counsel as appropriate in ensuring compliance with the original and revised Safeguards Rule.

Dealerships must have a revised physical, written information security program by December 9, 2022. The written information security program should outline your dealership’s policies and procedures relating to the physical, administrative, and technical safeguards you have in place to protect customer information. It must be comprehensive and must fully address the information security risks in all areas of your operations. It may be contained in one or more documents.

The FTC does not provide a template or require specific language in your written information security program; however, it must meet certain objectives and address specific elements.

Program Objectives

The Revised Safeguards Rule requires that your information security program:

- ensures the security and confidentiality of customer information.

- protects against any anticipated threats or hazards to the security and/or integrity of customer information.
- protects against unauthorized access to or use of customer information that could result in substantial harm or inconvenience to any customer.

Dealers should carefully review the dealer guides from the FTC and from NADA, consult with their attorney where needed and contact their technology vendors as soon as possible to ensure that the dealership and its vendors are able to comply with the new requirements.

[Better yet, watch for registration information and link for VADA and ComplyAuto's Safeguard Rule Webinar on July 14th at 10 a.m.!](#)

[FTC Proposes Rule to Ban Junk Fees, Bait-and-Switch Tactics Plaguing Car Buyers](#)

As auto prices surge, agency launches rulemaking to protect consumers' pocketbooks and level the playing field for honest dealers. NADA is analyzing this proposed Rule and will provide additional information shortly.

The Federal Trade Commission has [proposed a rule](#) to ban junk fees and bait-and-switch advertising tactics that can plague consumers throughout the car-buying experience. As auto prices surge, the Commission is seeking to eliminate the tricks and traps that make it hard or impossible to comparison shop or leave consumers saddled with thousands of dollars in unwanted junk charges. The proposed rule would protect consumers and honest dealers by making the car-buying process more clear and competitive. It would also allow the Commission to recover money when consumers are misled or charged without their consent.

“As auto prices surge, the Commission is taking comprehensive action to prohibit junk fees, bait-and-switch advertising, and other practices that hit consumers' pocketbooks,” said Samuel Levine, Director of the FTC's Bureau of Consumer Protection. “Our proposed rule would save consumers time and money and help ensure a level playing field for honest dealers.”

In the last ten years alone, the FTC has brought more than 50 law enforcement actions related to automobiles and helped lead two nationwide law enforcement sweeps that included 181 state-level enforcement actions in these areas. In

spite of these actions, complaints from consumers related to automobiles remain in the top ten complaint types received by the FTC, with more than 100,000 complaints from consumers annually over the past three years.

Today, the FTC is taking a first step toward establishing a set of guidelines that would provide consumers with key protections against dealers who unlawfully charge junk fees without their consent or engage in bait-and-switch advertising. In the Notice of Proposed Rulemaking announced today, the Commission is seeking comment on proposed measures that would:

- Ban bait-and-switch claims: The proposal would prohibit dealers from making a number of deceptive advertising claims to lure in prospective car buyers. This deal deception can include the cost of a vehicle or the terms of financing, the cost of any add-on products or services, whether financing terms are for a lease, the availability of any discounts or rebates, the actual availability of the vehicles being advertised, and whether a financing deal has been finalized, among other areas. Once in the door or on the hook, consumers face the fallout of false promises that don't pan out.
- Ban fraudulent junk fees: The proposal would prohibit dealers from charging consumers junk fees for fraudulent add-on products and services that provide no benefit to the consumer (including "nitrogen filled" tires that contain no more nitrogen than normal air).
- Ban surprise junk fees: The proposal would prohibit dealers from charging consumers for an add-on without their clear, written consent and would require dealers to inform consumers about the price of the car without any of optional add-ons.
- Require full upfront disclosure of costs and conditions: The proposal would require dealers to make key disclosures to consumers, including providing a true "offering price" for a vehicle that would be full price a consumer would pay, excluding only taxes and government fees. It would also require dealers to make disclosures about optional add-on fees, including their price and the fact that they are not required as a condition of purchasing or leasing the vehicle, along with disclosures to consumers with key information about financing terms.

The notice includes questions for public comment to inform the Commission's decision-making on the proposal. These include questions about provisions in the proposed rule and whether other provisions should or should not be included in the rule, as well as questions related to the costs and benefits to consumers and auto dealers of the proposed rule. In addition, the notice

includes a preliminary regulatory analysis estimating that the net economic benefit of the rule would be more than \$29 billion over ten years. After the Commission reviews the comments received, it will decide whether to proceed with issuance of a final rule.

NADA Releases Updated Fraud Prevention Guide

NADA recently added to its suite of dealer educational products an update to [*A Dealer Guide to Preventing and Detecting Fraud*](#). Citing statistics indicating that a company will lose 5% of its revenues due to fraud and that the perpetrators are often the company's own employees, the *Driven* guide's authors, Dan Cheyney and Lewis Fisher of Moss Adams, LLP, provide a detailed overview of how fraud may occur in the various departments of a dealership—and they describe the internal controls that dealerships can institute to help prevent, detect, and correct it. The guide also examines related topics including what to do if you discover fraud at your dealership and important insurance coverage considerations.

Employers to See Unemployment Insurance Tax Relief as Part of Annual Determination Process

The Vermont Department of Labor has announced that effective July 1, 2022, employer unemployment insurance (UI) contributions, or taxes, will decrease as the UI tax schedule moves from Schedule III to Schedule I. This change is part of an annual statutory calculation performed by the Department of Labor's Economic and Labor Market Information Division.

In addition, taxable employers will receive additional relief in January 2023 when the UI taxable wage base (TWB) decreases by \$2,000. The TWB is the amount of wages paid to an employee that employers pay taxes on. Effective January 1, 2023, the TWB will decrease from its current level of \$15,500 to \$13,500. Employers will pay UI taxes on the first \$13,500 an employee makes in a calendar year. The last time the taxable wage base was near this level was in 2011 when it was set at \$13,000.

Employer contributions received by the Department of Labor go to claimants in weekly benefit payments. 100 percent of contributions are used for this purpose.

Standard Mileage Rate Increase July 1

Responding to record-high gas prices, the IRS announced that, for July through December of 2022, the optional standard mileage rate for business travel will increase from 58.5 cents to 62.5 cents per mile.

Want to advertise your products or services to our members?

Sample Dealership Driving Policy for Service Department Employees

In our continuing efforts to provide you with options and best practices for your dealership, we're sharing another tool to assist with keeping your employees and your customers safe.

Vehicle accidents continue to be the number one cause of fatality to dealership employees.

For the most part, Techs, Advisors and Managers in the Service Department conducting diagnostic and repair verification drives don't have a lot of accidents, but issues certainly can still arise due to increased risk.

We have enclosed a sample Vehicle Operation Policy for Service Employees for your review and use. This policy contains suggested guidelines for controlling risk to these drivers. Please use as a boiler plate to create your own site-specific policy for your employees. Significant losses to your Workers' Comp, General Liability and Business Auto Policies are all possible if the dealership is unprotected.

[CLICK HERE](#) – VADA Sample Dealership Driving Policy for Service Department Employees

Please consider this as an option for your dealership and discuss with your management staff and employees. Should you have questions about content or suggestions for implementation of a policy, please contact our office.

Navigating a Natural Disaster at Your Dealership

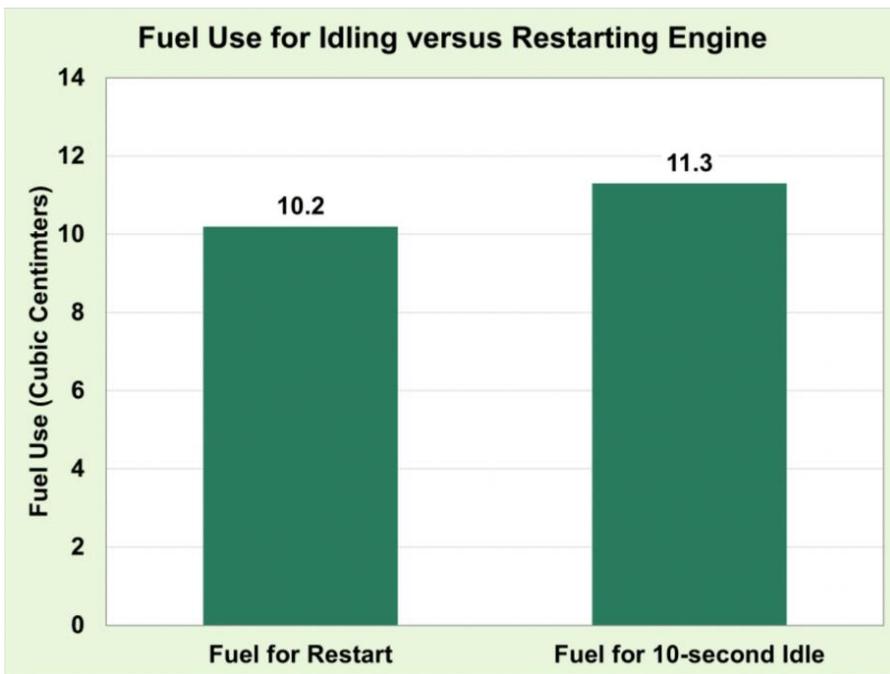
Vermont has had its share of natural disasters over the years, and the downside to this phenomenon is the tendency for the severe and the unpredictable. Even in a small state like ours, natural disasters happen and our friends from the Missouri Dealers Association kindly shared a “best practices” guide created by one of its members who experienced one. He’s identified 31 separate points of emphasis in his guidance; some are underlined, and in bold, to further stress their importance. Please review this information with your management staff and should you have questions, contact our office.

Bottom line, is your dealership/business, prepared for the unthinkable, and could you survive or navigate through a natural disaster should you encounter one?

[CLICK HERE](#) to view **[Navigating a Natural Disaster at Your Dealership.](#)**

Transportation Analysis Fact of the Week #1239

Idling an engine for as little as 10 seconds will use more fuel than stopping and restarting the vehicle.



From the VFDA Fuel Line Newsletter

By Matt Cota, VFDA Executive Director

Next Steps

Members of the Vermont Climate Council [met on Thursday](#) to figure out how to pick up the pieces after the two signature policies in the Climate Action Plan failed to make it to the finish line. While both the Clean Heat Standard and Transportation Climate Initiative disintegrated over the past six months, efforts to reduce fossil fuel consumption in Vermont have not. The Vermont Agency of Natural Resources is expected to adopt the [California Clean Car Standard](#) which will effectively ban the sale of new passenger vehicles with combustion engines by 2035. Vermont is also poised to adopt the California [Advanced Clean Truck](#) regulation which will require more than half of new medium-and heavy-duty vehicles to have zero emissions by 2035. More proposals are coming. A low carbon fuel standard for transportation fuels is under consideration so is the resuscitation of the Clean Heat Standard. After a veto by Governor Scott, the effort to override failed by a single vote. About [an hour into yesterday's meeting](#) a Climate Council subcommittee member said she is working in several House and Senate races to elect candidates who will support the Clean Heat Standard in 2023. Another Climate Council member who supported the Clean Heat Standard is going a step further and [running for state Senate](#). A revised Climate Action Plan and final action on the Clean Car

and Truck standard are expected by November.

News of Note

Gas Tax Increase Starting on July 1, Vermont's gas tax will increase by 4.36 cents per gallon (cts/gal). The tax on gas fluctuates every three months based on the average retail price during the prior three months. Go to vermontfuel.com/motorfueltax for a full explanation along with a tax breakdown.

The total state and federal tax paid at the pump for gasoline in Vermont will be 55.36 cts/gal on July 1.

Why [gas prices are](#) so high.

Biden's [EV charging plan draws skepticism](#) from some states.

The ballot for Vermont's August 9 primary is now final. [Click here to see who is running](#). There will be many new faces in Montpelier in January, about a third of the lawmakers in the House and Senate will not seek re-election. Remind anyone running for office about the findings of a recent poll by the University Vermont Center for Rural Studies. According to the survey, nearly 60% of Vermonters are opposed to new taxes on heating and transportation fuel. [Learn more at vermontfuel.com/poll](#).

News from DC The U.S. House of Representatives passed the [Food and Fuel Costs Act](#) by a vote of [221-204](#) last week. The bill seeks to increase the availability of higher-ethanol fuel blends in hopes of lowering the rising cost of fuel. Seven farm state Republicans voted in favor of the bill. Five Democrats voted against it, including Vermont Congressman Peter Welch. There are significant limitations involving the sale of E15 for most retail gasoline stations across the nation. Those limitations include compatibility issues with existing UST system components, motorcycles, boats and small gasoline powered equipment and downstream supply chain disruptions. *E15 cannot be sold in Vermont unless the tank owner can verify that all components of the entire fueling system are compatible.*

GW Marketing Services Named New England Broker for

Dealership Buy-Sell Transactions.

GW Marketing Services, a full-service dealership brokerage and business advisory firm serving auto dealership clients throughout the northeast, has been named by LABNation Dealership Brokerage Network as the select broker to deliver services to dealer clients in New England.

LABNation, the nation's only multiple listing service (MLS) serving the automotive industry, provides dealership owners with access to accounting and advisory professionals' expertise in the purchase and sale of branded auto dealerships.

GW Marketing Services provides brokerage, valuation, litigation support, market consolidation solutions and general auto dealership business consulting services.

"Now more than ever the auto dealer advisory services from a local broker with over 42 years in the marketplace are extremely important!" said Gordon Wisbach, President of GW Marketing Services.

GW Marketing Services has been a member of multiple New England auto dealer associations for many years including Connecticut, Massachusetts, New Hampshire, and Vermont. Wisbach is also a member of the National Association of Dealer Counsel, a large association of lawyers and vendors in the US serving auto dealers nationwide.

"When I was first approached about LABNation, I immediately saw it as an opportunity to work with other experienced, well-respected professionals," Wisbach continued. "Once I learned that the firm specializes in helping medium-sized dealerships that lack the experience to handle buy-sell transactions, I knew that we had a significant synergy to service these dealers with whom we have been working with in the Northeast for the past 42+ years. I'm excited to work with this network of reputable, knowledgeable partners."



Want to advertise your products or services to our members? [Click here to learn more!](#) Or email me at mmiller@vermontada.org



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