



June 17, 2020

Greetings from VADA,

In today's message, read about Governor Ralph Northam's statement that the Commonwealth will not enter Phase Three of the "Forward Virginia" reopening plan this week and discussion of Juneteenth as a new state holiday. Watch CBT News' interview of Liza Borches, Carter Myers Automotive (CMA) President and CEO and VADA Board of Directors Executive Committee member. Check out VADA's involvement in "Suspend the FET Week," an American Truck Dealers (ATD) initiative to urge Congress to suspend the 12 percent federal excise tax on heavy-duty trucks. See the latest report from the U.S. Small Business Administration (SBA) on Paycheck Protection Program (PPP) figures. And learn more about Monday's VADA Legal & Legislative Update webinar — it's not too late to register!

Governor Northam said health numbers are improving, but Virginia won't enter Phase Three this week. He added Juneteenth will be a holiday for state workers this Friday (June 19), slightly impacting DMV.

In a news conference yesterday (June 16), Governor Northam said Virginia's health numbers "continue to look favorable." Specifically, he cited each of these downward trends in Virginia:

- Total number of COVID-19 cases;
- Number of hospital beds occupied by COVID-19 patients;
- Number of patients hospitalized with a positive or pending COVID-19 test; and
- Percentage of positive tests among tests administered, which was at 7.4 percent as of June 12.

However, the Governor is not allowing any of the Commonwealth to enter Phase Three of the "Forward Virginia" reopening plan this week. Why? He would like more time to observe health data trends, especially given recent surges of COVID-19 cases elsewhere in the country, before further loosening restrictions on individuals and businesses.

The Governor indicated he will go into further detail about Phase Three during a news conference on Thursday (June 18). In the meantime, refer to VADA's [Reopening Phases webpage](#) for a thorough breakdown of what's required for VADA members and their customers under Phase Two.

Also, yesterday, [the Governor announced Executive Branch agencies will be closed on Friday](#) (June 19) to recognize the important Juneteenth holiday. Juneteenth marks the day in 1865 that enslaved people in Texas finally learned the Civil War had ended and they were free — two years after the Emancipation Proclamation had granted them freedom. The Governor is pursuing legislation to make Juneteenth an official state holiday.

What does Friday's closure mean for DMV operations? The Help Desk located at DMV headquarters will be unavailable, but DMV does not anticipate any other impact on dealers.

CBT News features Carter Myers Automotive's Liza Borches.

Last week, Carter Myers Automotive President and CEO Liza Borches joined CBT News' Jim Fitzpatrick for a discussion of the positive industry changes that have emerged from the COVID-19 pandemic.

For instance, Borches elaborated on the increase in customers using CMA's home delivery option for newly purchased vehicles and compares customer satisfaction with that mode of car-buying to when consumers first discovered Amazon Prime. She said home delivery could help level out car sales throughout the week and decrease the emphasis on having strong Saturdays at the dealership.

When asked if it would be difficult to return to a pre-coronavirus way of doing business, Borches said her organization wants just the opposite. “We’ve been wanting to move forward as an industry, but we were handicapping ourselves by either not having the technology, convincing ourselves consumers didn’t really want it, [or] that we still needed them to come into the dealership,” she noted, adding the pandemic is going to allow the industry to change for the better. “We don’t want to put that genie back in the bottle. None of us should want to go back to doing business the way we’ve always done it.”

Great job, Liza! Check out [the full interview](#).

Truck Dealer Alert: It’s “Suspend the FET Week.”

For years, ATD — a division of NADA — has focused on suspending or eliminating the 12 percent federal excise tax (FET) on heavy-duty trucks. It’s the highest excise tax Congress places on any one product. Plus, the tax might prohibit buyers from substituting old trucks for newer ones, meaning less individuals would take advantage of vehicles that are more fuel efficient and, thus, better for the environment.

But during the pandemic, the FET can be especially crippling. Some predict heavy-duty truck sales will be down as much as 50 percent in 2020, making a FET change all the more important. As such, ATD is leading the effort in urging Congress to suspend the FET until the end of 2021 as part of the next economic stimulus legislation.

To bring awareness to the initiative, ATD has labeled this week “Suspend the FET Week.” For our part, VADA is working closely with ATD and the Virginia Trucking Association and reaching out to Virginia members of Congress to express support of the proposed FET suspension.

Latest SBA report on PPP figures shows money borrowed, money remaining.

SBA’s [new PPP report](#) shows PPP loan approvals through June 12, along with what funding remains for businesses considering a PPP loan. Despite the new Paycheck Protection Program Flexibility Act (PPPPFA), it is believed the deadline to apply for a PPP loan remains June 30, 2020. Here are some key totals from the latest PPP report:¹

- U.S. Loan Count: 4,576,388
 - U.S. Approved Dollars: \$512.2 billion
 - U.S. Lender Count: 5,457
 - U.S. Average Loan Size: \$112,000
 - Virginia Approved Loans: 103,066
 - Virginia Approved Dollars: \$12.4 billion
 - PPP Funding Remaining: \$129.7 billion
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Don’t miss VADA’s Annual Legal & Legislative Update.

Join us for our annual Legal & Legislative Update via Zoom on **Monday, June 22, from 10 a.m. to Noon.**

VADA’s Legal & Legislative Team will provide thorough analysis of employment law changes, minimum wage, safety inspections, peer-to-peer vehicle sharing, dealer plates (specialty tags), the 2021 legislative session, expected changes due to COVID-19, COVID-19 legal considerations, and more.

¹Dollar amounts in the billions are rounded. For precise figures, see [the full report](#).

Each topic is important to the franchised new car and truck dealers of Virginia, but the employment law changes — including several effective July 1, 2020 — make this year’s update especially critical for you and your business. Consider the following, which will become Virginia law two weeks from today:

- A law defining disputes over wages as “wage theft” with criminal penalties and class action rights.
- The Virginia Values Act, which drastically increases employer duties and liabilities under the Virginia Human Rights Act.
- A ban on restrictive covenants for half of the workforce.
- An increase in penalties for misclassification of workers, including private rights of action — even class actions.

At the federal level, the [U.S. Supreme Court just ruled](#) workplace discrimination on the basis of sexual orientation or gender identity is unlawful under the Civil Rights Act of 1964. That’s another employment law update we’ll address next week.

Participation in the webinar is limited to VADA member organizations. Click [here](#) to register. If you can’t make it, we will make a recorded copy available after the event.

More than ever, it is a pleasure to serve the new car and truck dealers of Virginia.

Sincerely,

A handwritten signature in black ink that reads "Donald L. Hall". The signature is written in a cursive, slightly slanted style.

Donald L. Hall
President and CEO