

Legislative News

Attacks on Sunday Closing Law at Bay... for Now

Thank you to all of the dealers and employees at MADA member companies who have contacted your legislators in opposition to House File 347, a bill authored by Tina Liebling (DFL-Rochester) to repeal the prohibition on Sunday auto sales. Legislators have heard you loud and clear - and the bill is not scheduled to receive a hearing in the Minnesota House of Representatives before the first committee deadline; nor have any senators introduced the companion file.

That being said, the issue of Sunday sales for liquor (and potentially motor vehicles) could reappear as amendments when the House and Senate mark-up their omnibus liquor bills in committee, and later this spring, during floor sessions. MADA lobbyists continue to vigilantly monitor the situation and will work aggressively to counter attacks on the Sunday Closing law if they resurface.

Legal News

Sunday Closing is the Law

Sunday Closing is the most important public policy challenge facing the retail automobile industry in the 2015 Minnesota Legislature. MADA continues to draw dealer support in its determined effort to preserve this most family-friendly law.

With all the ongoing discussion, we believe this short primer on the law, its prohibitions and penalties is timely.

The Sunday Closing law is set out in Minnesota Statute §168.274 - §168.276 and is very broad and expansive. It applies to both sales

Sunday Closings... continued on page 4

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Expanded MADA Legislative Agenda

D-Plates or Sales Tax?

The issue of Sunday auto sales could return as an amendment...

upcoming events

- apr 1 NextGen Applications Due
- apr 7 Title Basics Minneapolis
- may 12 Certified Title Minneapolis

visit
www.mada.org
for details, registration
and a complete list of
Upcoming Events and
Training

Legislative News

Bloomington Dealers Prevail in Zoning Debate

Legislators Look to Reign in Met Council Control of Local Planning

As reported in the December MADA Newsletter, five MADA dealers located in Bloomington's "Penn-American District" were facing proposed zoning changes that would have severely restricted their ability to improve and upgrade their facilities by categorizing the dealerships as nonconforming uses. After months of debate and negotiations with the city, councilmembers backed away from their initial proposal and adopted language allowing the dealers to remain as permitted uses and work toward new development standards if improvements to their properties are made.

The impetus for Bloomington's plan was new land-use and transportation goals put forward by the Met Council, which has drafted guidance for cities within the seven-county metropolitan area to adopt if they are slated to be within new transit corridors. The guidance views

auto dealerships as incompatible with transit-supported development and actively discourages dealerships from being located within half a mile of proposed new transit stations.

The Met Council's guidance, which is set out in its comprehensive planning documents, has drawn the ire of local governments and legislators, who view the new restrictions on land-use as overreaching. In fact, the Minnesota House of Representatives has established a Subcommittee on Metropolitan Accountability and Transparency which is actively considering legislation to curb the authority of the Met Council as it relates to its control over local land-use and planning decisions. MADA is actively engaged in this discussion and is encouraging legislators to limit the Met Council's authority to trump city planning and the rights of existing property owners in a community.



Minnesota Automobile Dealers Association

The Minnesota Automobile Dealers Association is a non-profit trade association dedicated to the progress of the retail auto industry in Minnesota.

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April 1, 2015.

Legislative News

MADA Legislative Agenda Expands

Beyond Sunday Closing, transportation funding, and Met Council oversight, the board of MADA recently endorsed the Association's involvement in a handful of additional issues to address challenges facing the industry and demonstrate our commitment to improving the communities in which we are located.

Workforce Development

Finding qualified service and collision technicians is becoming more and more difficult. In a recent survey of MADA Service & Collision Council members, 85% of respondents had unfilled positions, with over a third of those having five or more job openings! As a result, MADA is supporting two initiatives to help businesses connect with workers:

- [Senate File 2](#), which provides two-years of free tuition at one of Minnesota's technical colleges for recent high school graduates; and
- [Senate File 5/House File 551](#), which establishes grants for dual training programs in industries where there is a demonstrated need. Currently, the grants would be made available to only the advanced manufacturing, health care, information technology, and agriculture sectors. MADA is working with our partners at MnSCU and key legislators to add "transportation" as an eligible sector.

"Getting to Work" Bill

A collection of non-profit organizations led by the MN Asset Building Coalition has data showing that people trying to stay out of poverty and remain in the workforce most need a reliable personal vehicle. MADA is working with the Coalition to pass Senate File 641/ House File 1425, a bill appropriating \$4.5 million to the Department of Employment and Economic Development (DEED) to distribute through a competitive grant process to fifteen nonprofit organizations that provide vehicles, vehicle repair, or vehicle loans to eligible workers and job seekers. Grantees, and ultimately their clients, would need to meet certain requirements to obtain funding. In addition, the bill calls for an evaluation of the program in 2017 to track its outcomes.

Promotion of the Sale of Alternately-Fueled Vehicles

MADA has joined Drive Electric Minnesota (DEMNI), a group of stakeholders including government, business, consumers, and environmentalists, who are looking to educate the public and promote the use of alternately-fueled vehicles. The group is advocating for legislation to incent the purchase of electric and natural gas-fueled vehicles and to encourage investment in infrastructure by utilities. Instituting a voluntary program will help offset the increase in greenhouse gas emissions and prevent Minnesota from being a "nonattainment" area, which would lead to much more onerous and punitive approaches to curbing emissions.

Your Choice: D-Plates or Sales Tax

Under Minnesota Statute §297B.035, if a dealer uses a vehicle from inventory, except for demonstration purposes, the dealer has a sales/use tax obligation. The dealer may elect to pay:

- full motor vehicle sales tax to the Deputy Registrar; OR
- use tax based on the reasonable rental value of the vehicle.

Here's the kicker: If the dealer fails to report use tax, the law presumes that the dealer elected to pay motor vehicle sales tax. So, if a dealership ignores the issue and is audited by the Department of Revenue, the dealer may have to pay full motor vehicle sales tax on each of the vehicles that had a taxable use.

Sales/Use Tax Is NOT Due

These uses do not trigger a sales/use tax obligation from the dealership:

- Normal inventory functions – transporting vehicles, road testing, driving to an aftermarket installation location, etc
- Customer test drive – any registration
- ANY operation of a vehicle properly displaying a D-Plate
- Customer no-charge service loaner for factory warranty repair
- Customer-pay rental or lease where tax is collected from the customer

Sales/Use Tax IS Due

These uses do trigger a sales/use tax obligation from the dealer:

- Dealership parts truck, tow truck and snow plow
- Employee demo with regular registration plates
- Trip to the bank with regular registration plates
- Customer no-charge service loaner for non-factory warranty repair
- Professional golf event with no D-plate

This is one to watch out for. The issue has been around – but largely quiet – since 2005. There's much more information on the proper way to report use tax on dealer-owned vehicles at <http://www.mada.org/legal-resources/tax>.

Sunday Closing... *continued from cover*

activities and sales locations. It is illegal to do either of the following on Sunday:

- “engage in the business of buying, selling, exchanging, dealing in or trading in new or used motor vehicles...” or
- “open any place of business or lot wherein the person attempts to or does engage in the business of buying, selling, exchanging, dealing or trading in new or used motor vehicles...”

The Sunday sales prohibition broadly applies to cars, trucks, motor homes, motorcycles and most trailers. The only exceptions are boat, snowmobile, all terrain and small utility trailers which may be sold on Sunday.

Similar to many business statutes which regulate commercial activities, violation of the Sunday Closing law is considered a criminal act. A first offense carries misdemeanor penalties. Subsequent offenses can be punished as a gross misdemeanor. Perhaps as significant as potential fines and the very unlikely jail time, two or more violations of the Sunday Closing law will mean suspension and ultimately revocation of the violator's dealers license.

MADA members with questions about the law should contact Jim Schutjer at your MADA office.

Minnesota Auto Outlook

Released by:
Minnesota Automobile
Dealers Association

Covering the Minnesota automotive market

Data thru January 2015

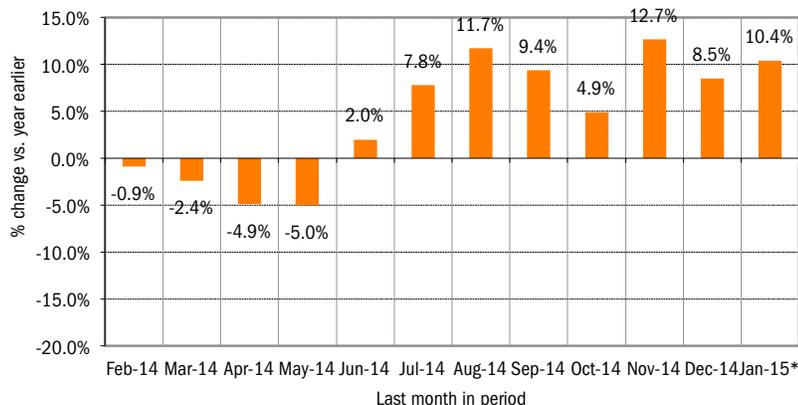
Minnesota New Retail Car and Light Truck Registrations

	Most Recent Two Months			Annual			Annual Market Share		
	12/13 & 1/14	12/14 & 1/15*	% change	2013	2014	% change	2013	2014	change
	Industry Total	33,200	34,125	2.8%	204,590	214,075	4.6%	40.7	36.5
Cars	11,225	10,881	-3.1%	83,346	78,236	-6.1%	59.3	63.5	4.2
Light Trucks	21,975	23,244	5.8%	121,244	135,839	12.0%	33.9	35.0	1.1
Japanese Brands	10,778	11,226	4.2%	69,421	74,903	7.9%	12.9	12.4	-0.5
Toyota	3,987	3,920	-1.7%	26,406	26,552	0.6%	9.2	9.2	0.0
Honda	2,835	2,856	0.7%	18,872	19,797	4.9%	5.2	5.3	0.1
Nissan	1,692	1,837	8.6%	10,612	11,442	7.8%	6.6	8.0	1.4
Other	2,264	2,613	15.4%	13,531	17,112	26.5%	52.2	52.7	0.5
Domestic Brands	18,506	19,147	3.5%	106,809	112,921	5.7%	22.0	21.5	-0.5
General Motors	7,693	8,215	6.8%	44,967	46,034	2.4%	19.2	18.1	-1.1
Ford	6,716	6,391	-4.8%	39,321	38,667	-1.7%	10.9	13.1	2.2
Chrysler	4,051	4,508	11.3%	22,318	28,030	25.6%	0.1	0.1	0.0
Other	46	33	-28.3%	203	190	-6.4%	6.8	6.1	-0.7
European Brands	1,982	1,963	-1.0%	13,880	12,970	-6.6%	3.3	2.9	-0.4
Volkswagen	869	867	-0.2%	6,738	6,258	-7.1%	1.7	1.5	-0.2
BMW	531	517	-2.6%	3,523	3,132	-11.1%	1.0	1.0	0.0
Mercedes	353	336	-4.8%	2,000	2,155	7.8%	0.8	0.7	-0.1
Other	229	243	6.1%	1,619	1,425	-12.0%	7.1	6.2	-0.9
Korean Brands	1,934	1,789	-7.5%	14,480	13,281	-8.3%			

Brands included above: Domestic Brands: GM (Buick, Cadillac, Chevrolet, and GMC), Ford (Ford and Lincoln), Chrysler (Chrysler, Dodge, and Jeep). Japanese: Toyota (Toyota, Lexus, and Scion), Honda (Honda and Acura), Nissan (Nissan and Infiniti), Other (Mazda, Mitsubishi, and Subaru). European: VW (Audi, Bentley, Porsche, and Volkswagen), BMW (BMW, Rolls Royce, and MINI), MB (Mercedes Benz and smart), Other (Aston Martin, Ferrari, Fiat, Jaguar, Land Rover, Lotus, Maserati, and Volvo). Korean: Hyundai and Kia.

*Figures for January 2015 were estimated by Auto Outlook. Data Source: IHS Automotive.

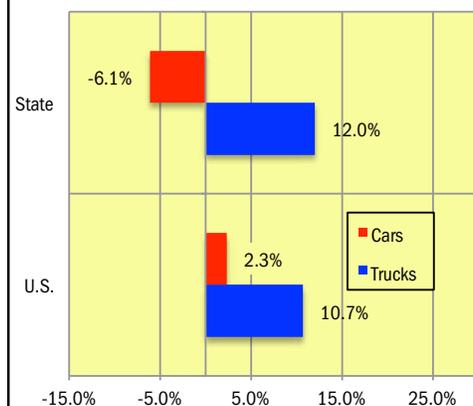
Percent Change in Three Month Moving Average of New Retail Registrations versus Same Period Year Earlier



The graph above provides a clear picture of the trending direction of the state market. It shows the year-over-year percent change in the three month moving average of new retail light vehicle registrations. The three month moving average is less erratic than monthly registrations, which can fluctuate due to such factors as the timing of manufacturer incentive programs, weather and title processing delays by governmental agencies.

*Figures for January 2015 were estimated by Auto Outlook. Data Source: IHS Automotive.

Percent Change in State and U.S. New Retail Light Vehicle Markets 2014 vs. 2013



The graph above compares the change in new retail car and light truck registrations in both the state and U.S. markets.

Data Source: IHS Automotive.

Data Information

All data represents new vehicle retail registrations in Minnesota and excludes fleet and wholesale transactions. Please keep in mind that monthly registration figures can occasionally be subject to fluctuations, resulting in over or under estimation of actual results. This usually occurs due to processing delays by governmental agencies. For this reason, the year-to-date figures will typically be more reflective of market results.

Data Source: IHS Automotive.

Minnesota New Retail Light Vehicle Registrations					
	Registrations			Market share	
	2013 Annual	2014 Annual	% change	2013 Annual	2014 Annual
TOTAL	204,590	214,075	5%		
Acura	1,605	1,662	4%	0.8%	0.8%
Audi	1,481	1,757	19%	0.7%	0.8%
BMW	2,814	2,598	-8%	1.4%	1.2%
Buick	4,023	4,114	2%	2.0%	1.9%
Cadillac	1,610	1,444	-10%	0.8%	0.7%
Chevrolet	31,866	32,195	1%	15.6%	15.0%
Chrysler	3,849	3,629	-6%	1.9%	1.7%
Dodge	6,590	6,968	6%	3.2%	3.3%
FIAT	309	259	-16%	0.2%	0.1%
Ford	38,190	37,521	-2%	18.7%	17.5%
GMC	7,468	8,281	11%	3.7%	3.9%
Honda	17,267	18,135	5%	8.4%	8.5%
Hyundai	6,855	6,112	-11%	3.4%	2.9%
Infiniti	881	887	1%	0.4%	0.4%
Jaguar	57	70	23%	0.0%	0.0%
Jeep	5,745	9,498	65%	2.8%	4.4%
Kia	7,625	7,169	-6%	3.7%	3.3%
Land Rover	389	345	-11%	0.2%	0.2%
Lexus	2,192	2,360	8%	1.1%	1.1%
Lincoln	1,131	1,146	1%	0.6%	0.5%
Mazda	4,260	4,429	4%	2.1%	2.1%
Mercedes	1,974	2,128	8%	1.0%	1.0%
MINI	709	534	-25%	0.3%	0.2%
Mitsubishi	1,172	2,159	84%	0.6%	1.0%
Nissan	9,731	10,555	8%	4.8%	4.9%
Other	259	197	-24%	0.1%	0.1%
Porsche	219	280	28%	0.1%	0.1%
Ram	6,134	7,935	29%	3.0%	3.7%
Subaru	8,010	10,516	31%	3.9%	4.9%
Tesla	109	98	-10%	0.1%	0.0%
Toyota	24,214	24,192	0%	11.8%	11.3%
Volkswagen	5,038	4,221	-16%	2.5%	2.0%
Volvo	814	681	-16%	0.4%	0.3%

Data source: IHS Automotive.

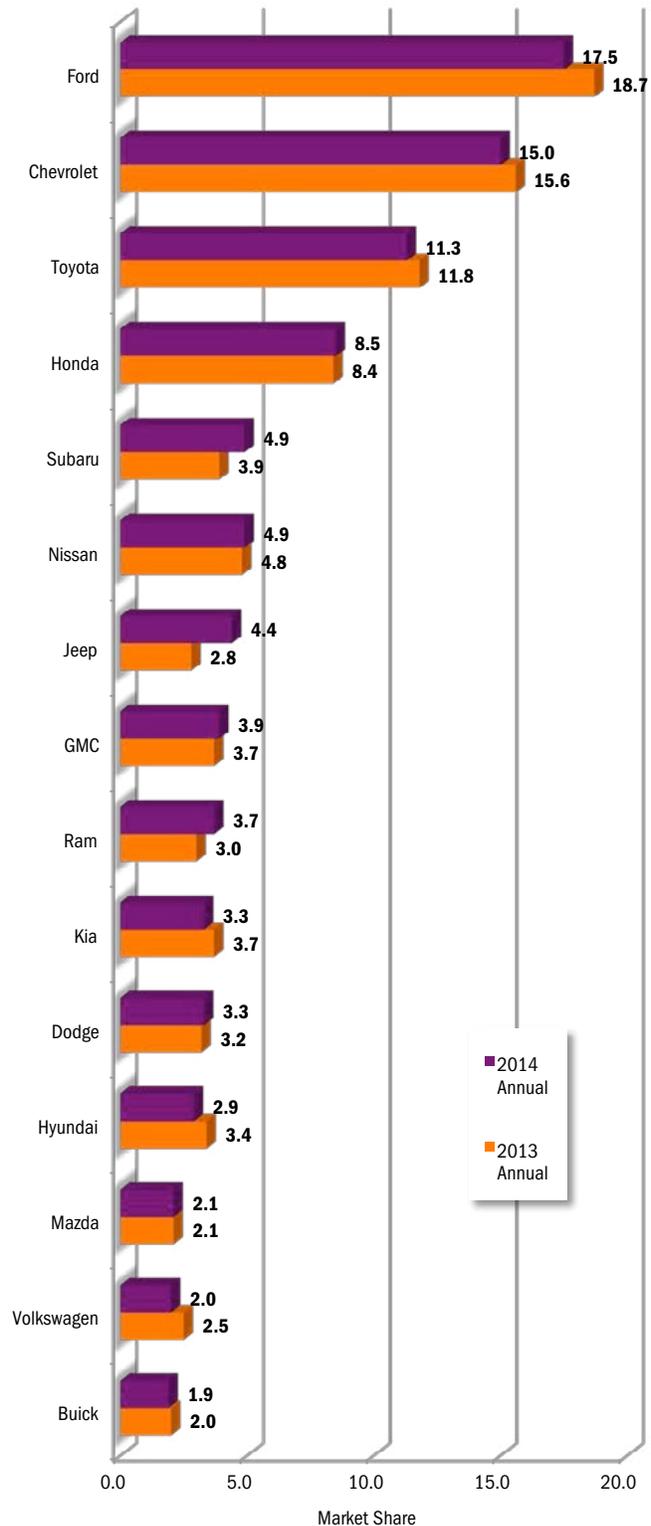
Top ten ranked brands in each percent change category are shaded green.

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State Market Share for Top 15 Selling Brands
2014 vs. 2013



Data source: IHS Automotive.

Member News

Holly Høglund Klein, of *Høglund Bus & Truck* Maple Grove, was tragically killed in a car accident on March 3, 2015. We extend our sympathies to her family and friends.

Nuss Truck & Equipment, Duluth is celebrating the move to their new location at 9403 Westgate Boulevard in Duluth.

visit us online at
www.mada.org

FAQ

Q: We're selling more and more cars to customers in other states. For a variety of reasons, the policy at our dealership requires title to be transferred to the out-of-state buyer. We don't hand over open MSO's or Certificates of Title for buyers to do their own transfers back home. We've recently started using a vendor that does title processing around the country. They charge us a flat fee for each out-of-state title processed. My question: Can we pass along a charge to the buyer for this out-of-state title service?

A: Be careful of the Doc Fee limit. Minnesota law doesn't restrict the selling price of cars. But it does restrict the add-on amount that dealers charge outside the price of a vehicle to no more than \$75 for the dealer's expense for "preparing, handling, and processing documents relating to the motor vehicle and the closing of the retail sale."

MADA believes that a dealer may pass along its out-of-pocket expense for the out-of-state title service to the buyer without running up against the Doc Fee limit. If the deal is financed, the amount could properly be disclosed as an "amount paid to others on your behalf." However marking up the charge could lead to problems. Any markup to the fee should be considered part of your Doc Fee.



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MADA Services sells a wide variety of products directly to the dealers including business forms, clothing and promotional items. For a full review of options, contact your sales representative at 651-291-2400 or go to www.mada.org

ADVOCACY ▪ EXPERTISE ▪ EDUCATION ▪ COMMUNICATION

MADA NEWS ▪ March 2015

MADA Wants to Know....

**Do you have unfilled technician positions in your service department and/or body shop?
 Tell us at
<http://bit.ly/MADAquestion>**

Last month, we asked what dealer management system (DMS) you use. Approximately 10% of our dealers responded. CDK Global (formerly known as ADP Dealer Services) appears to be the clear front-runner, with 38% of respondents using its software. The number two systems (tied) were Auto Soft and Reynolds & Reynolds, with five other DMS also gaining mention by MADA members.

**February Results:
 What DMS do you use?**

