

MADA News



Regional Meetings Offer Give and Take with Members

MADA recently completed a series of regional meetings to give dealer members a chance to listen to MADA issues and offer advice on the future direction for their association.

Nearly 100 franchised dealers turned out in Duluth, Mankato, Roseville, Detroit Lakes, Marshall, Rochester and St. Cloud to participate in the exchange. Dealers listened to MADA staff, including President Scott Lambert, Chief Counsel Jim Schutjer, Director of Government Affairs and Communications Amber Backhaus and Associate Counsel Dan Louismet, discuss potential improvements to the state's franchise law, as well as advertising issues and MADA's summer initiative on property crimes.

Dealers offered valuable insights into the business practices of their factories in the areas of warranty, pricing, facilities and recalls. MADA also learned that the issue of property crimes is not restricted to the Twin Cities metro area. Dealers also listened attentively to the discussion on new conditional price advertising guidelines. There was general agreement that the standards would

only work if they were applied universally.



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Big Staff Changes

'Innocent Exporter' Law Effective August 1

PAC Fundraising Nearing 50%

Nearly 100 franchised dealers turned out to participate...

upcoming events

sep 13 Certified Title
Minneapolis

sep 13 Title Basics
Minneapolis

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

Big Staff Changes

Big changes are underway at MADA and MADA Services, Inc. Sadly, two key managers have decided to retire. MADA Services, Inc. Director of Finance and Insurance Dennis Oltman is retiring after 32 years of solid, dedicated service. Dennis will remain in a part-time consulting capacity to help guide MADA Insurance. After a lengthy search, MADA Services, Inc. determined that Dennis' successor was with us the entire time. Staff accountant Sarah Woitalla has been promoted to the controller position.

In addition, beloved Event Planner and Executive Assistant Sandy Brom has retired after an 18 year run with MADA. Sandy managed MADA's Annual Luncheon into the big event that it has become, and ran the Auto Show for two years in 2014 and 2015, both of which set attendance records. While Sandy has retired into full time grandmotherhood, her replacement is DeAnna Eckerdt.

Both Dennis and Sandy will be greatly missed by staff and members alike but the work of MADA on behalf of the membership will march on with fresh new enthusiasm.



DeAnna Eckerdt,
Director of Events

Welcome to DeAnna Eckerdt

DeAnna Eckerdt joined MADA as the Director of Events on July 6. She was recently employed at HealthPartners and has past experience in the automotive retail sector, having worked for the Walser Automotive Group as well as in radio for Clear Channel and Blue Chip Broadcasting. Her meeting planning experience was gained during her time with Keller Williams Realty North Central Region, where she organized their social and training events.

On a personal note, DeAnna enjoys spending time with her teen daughter and sharing her enthusiasm for fitness, having been a Pilates instructor for over 12 years.



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.

Chair

Mike Saxon, *Inver Grove Ford Lincoln, Inver Grove Heights*

Vice Chair

Rick Jensen, *Jensen Motors, Inc., New Ulm*

Treasurer

Michael Stanzak, *Key Cadillac, Inc., Edina*

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Legal News

U.S. Supreme Court Rules: Service Writers are EXEMPT from overtime pay

Generally, unless exempt, employees are entitled to an overtime pay premium for all hours worked over 40 in a workweek. Congress amended the Fair Labor Standards Act (FLSA) in 1966 to exempt dealership “salesmen, partsmen, and mechanics” from the federal overtime pay entitlement. In 1978, the Department of Labor (DOL) issued a letter opinion, consistent with the case law, stating that service advisors are exempt from overtime as “salesmen.” In 2011, the Obama Administration issued a rule purporting to reverse its 1978 position that service writers, service advisors, service managers, and service salesmen employed by car and truck dealers are exempt from overtime, an attempt the Supreme Court has now soundly rejected.

In reliance on the 2011 position by the Obama Administration, the federal Ninth Circuit Court of Appeals ruled that service writers are not exempt

from overtime as “salesmen.” Together with the state dealer associations covered by the Ninth Circuit, NADA filed an amicus brief in support of a certiorari petition with the U.S. Supreme Court. The U.S. Supreme Court granted “cert” in January and heard oral argument in April. NADA’s amicus brief was cited several times during the oral argument and in the Opinion itself.

The Supreme Court expressly rejected the 2011 U.S. Department of Labor (DOL) interpretative regulation that service writers/advisors are not “salesmen” exempt from overtime. In particular, the Court faulted the DOL for failing to provide a “reasoned explanation” for the abrupt change of policy. The Supreme Court’s decision requires the Ninth Circuit to reconsider its prior decision consistent with the language of the FLSA without giving “controlling weight” to the DOL’s 2011 regulation.

Legal News

FTC Shuts Down Employment Poster Scammer

The Federal Trade Commission (FTC) charged a Florida company with bilking over \$1 million from small businesses by pretending to be a federal government agency and then threatening the business with shutdown or fines unless they immediately purchased employment posters for their premises.

According to the FTC’s complaint, the defendant called business owners, pretending to be from OSHA or some other agency. Using names that sound like government agencies, such as “Occupational Safety and Compliance Administration” and “U.S. Corporate Compliance Office,” the defendant would tell businesses they were not complying with federal law and that the

government would shut them down or fine them unless they immediately purchased a poster for \$179.00.

MADA works with a group of other associations to periodically prepare and distribute a large employment poster which consolidates the required employment postings for both federal and state agencies. Our most recent poster has a date of 2014 in the lower right hand corner. The Minnesota OSHA portion of this current poster version is out of date. Until the next poster printing, dealers should download the Minnesota OSHA poster and display it next to the 2014 version of the multi-poster. The OSHA poster can be found here: http://bit.ly/OSHA_addon-print

Legal News

Unemployment Insurance Refunds Are Coming

The 2016 Minnesota Legislature enacted legislation providing \$258 million in unemployment insurance payroll tax relief. Notices were mailed to eligible employers last month by the Department of Employment and Economic Development.

Eligible employers will receive a one-time credit on their 2016 unemployment insurance premiums due July 30, 2016. If you've already paid, you can

carryover the credit until July 30, 2017. Eligible employers will receive future credits whenever the Unemployment Insurance Trust Fund balance reaches 104% of the federally-recommended solvency level. Employers at the maximum experience rating are not eligible for credits.

Official information is on the unemployment insurance website here: http://bit.ly/MADA_iptr

Legal News

Innocent Exporter Protection Effective August 1

MADA-sponsored state legislation that protects innocent dealers from manufacturer chargeback for vehicles ending up in a foreign country goes into effect August 1, 2016. The new law prohibits adverse action against a selling dealer for an exported vehicle, unless the manufacturer can show:

1. that the dealer's customer was shown on a list of known or suspected exporters made available to the dealer; or
2. the dealer knew or reasonably should have known the purchaser's intention to export or resell the motor vehicle in violation of the manufacturer's export policy. The dealer is presumed to be without knowledge if the vehicle is first titled and registered in any US state.

Legal News

New Instructions For 21-Day Permit

DVS is no longer requiring the customer's driver's license number or business name on the 21-Day permit. Dealers are asked not to complete this

information and to leave the entire line blank. Subsequent printings of the permit will remove this line from the form.

Minnesota Auto Outlook

Released by:
**Minnesota Automobile
Dealers Association**

Covering the Minnesota automotive market

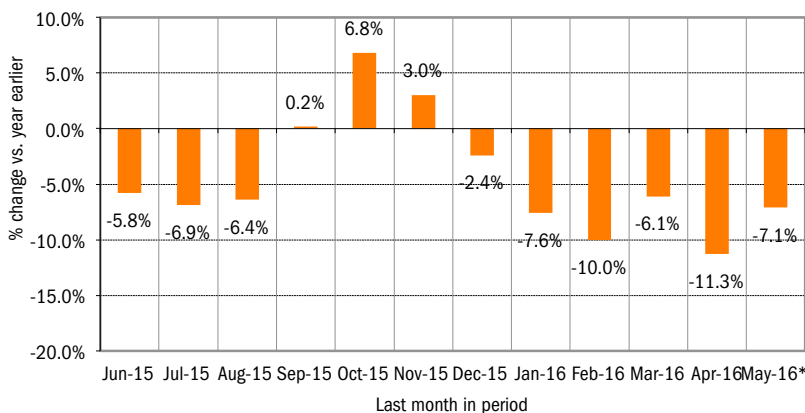
Data thru May 2016

Minnesota New Retail Car and Light Truck Registrations

	Most Recent Two Months			YTD thru May			YTD Market Share		
	4/15 & 5/15	4/16 & 5/16*	% change	2015	2016	% change	2015	2016	change
	Industry Total	35,456	32,378	-8.7%	81,337	75,453	-7.2%		
Cars	13,015	10,290	-20.9%	28,717	23,464	-18.3%	35.3	31.1	-4.2
Light Trucks	22,441	22,088	-1.6%	52,620	51,989	-1.2%	64.7	68.9	4.2
Japanese Brands	12,353	11,391	-7.8%	27,675	25,933	-6.3%	34.0	34.4	0.4
Toyota	4,401	4,091	-7.0%	9,667	9,378	-3.0%	11.9	12.4	0.5
Honda	3,332	3,237	-2.9%	7,122	6,935	-2.6%	8.8	9.2	0.4
Nissan	1,772	1,582	-10.7%	4,397	3,727	-15.2%	5.4	4.9	-0.5
Other	2,848	2,481	-12.9%	6,489	5,893	-9.2%	8.0	7.8	-0.2
Domestic Brands	18,727	16,887	-9.8%	43,904	40,549	-7.6%	54.0	53.7	-0.3
General Motors	7,756	6,898	-11.1%	18,439	17,435	-5.4%	22.7	23.1	0.4
Ford	6,290	5,651	-10.2%	15,086	13,295	-11.9%	18.5	17.6	-0.9
Chrysler	4,631	4,296	-7.2%	10,278	9,724	-5.4%	12.6	12.9	0.3
Other	50	42	-16.0%	101	95	-5.9%	0.1	0.1	0.0
European Brands	2,197	2,093	-4.7%	4,788	4,738	-1.0%	5.9	6.3	0.4
Volkswagen	1,060	916	-13.6%	2,216	2,028	-8.5%	2.7	2.7	0.0
BMW	505	466	-7.7%	1,193	1,191	-0.2%	1.5	1.6	0.1
Mercedes	359	386	7.5%	792	768	-3.0%	1.0	1.0	0.0
Other	273	325	19.0%	587	751	27.9%	0.7	1.0	0.3
Korean Brands	2,179	2,007	-7.9%	4,970	4,233	-14.8%	6.1	5.6	-0.5

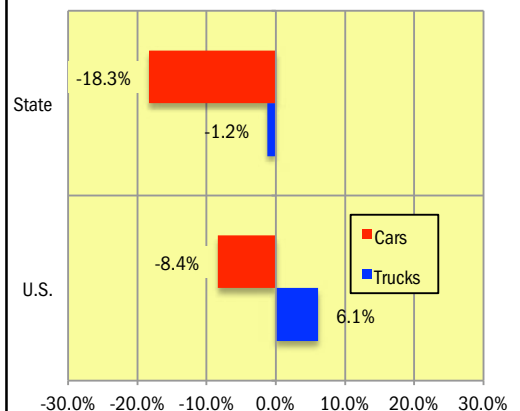
Brands included above: Domestic Brands: GM (Buick, Cadillac, Chevrolet, and GMC), Ford (Ford and Lincoln), Chrysler (Chrysler, Dodge, Jeep, and Ram). Japanese: Toyota (Toyota, Lexus, and Scion), Honda (Honda and Acura), Nissan (Nissan and Infiniti), Other (Mazda, Mitsubishi, and Subaru). European: VW (Audi, Bentley, Porsche, and Volkswagen), BMW (BMW, Rolls Royce, and MINI), MB (Mercedes Benz and smart), Other (Alfa Romeo, Aston Martin, Ferrari, Fiat, Jaguar, Land Rover, Lotus, Maserati, and Volvo). Korean: Hyundai and Kia. *Figures for May 2016 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 May 2016 were estimated by Auto Outlook. Data Source: IHS Automotive.

Percent Change in State and U.S. New Retail Light Vehicle Markets YTD '16 thru May* vs. YTD 15



The graph above compares the change in new retail car and light truck registrations in both the state and U.S. markets. *Figures for May 2016 were estimated by Auto Outlook. 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	
	YTD '15 thru May	YTD '16 thru May*	% change	YTD '15 thru May	YTD '16 thru May*
TOTAL	81,337	75,453	-7%		
Acura	595	439	-26%	0.7%	0.6%
Audi	646	651	1%	0.8%	0.9%
BMW	983	1,021	4%	1.2%	1.4%
Buick	1,511	1,325	-12%	1.9%	1.8%
Cadillac	540	401	-26%	0.7%	0.5%
Chevrolet	13,025	12,512	-4%	16.0%	16.6%
Chrysler	1,680	1,176	-30%	2.1%	1.6%
Dodge	2,205	2,041	-7%	2.7%	2.7%
FIAT	78	81	4%	0.1%	0.1%
Ford	14,614	12,875	-12%	18.0%	17.1%
GMC	3,363	3,197	-5%	4.1%	4.2%
Honda	6,527	6,496	0%	8.0%	8.6%
Hyundai	2,314	1,919	-17%	2.8%	2.5%
Infiniti	315	248	-21%	0.4%	0.3%
Jaguar	25	23	-8%	0.0%	0.0%
Jeep	3,457	3,502	1%	4.3%	4.6%
Kia	2,656	2,314	-13%	3.3%	3.1%
Land Rover	230	192	-17%	0.3%	0.3%
Lexus	928	931	0%	1.1%	1.2%
Lincoln	472	420	-11%	0.6%	0.6%
Mazda	1,705	1,441	-15%	2.1%	1.9%
Mercedes	785	761	-3%	1.0%	1.0%
MINI	210	170	-19%	0.3%	0.2%
Mitsubishi	793	676	-15%	1.0%	0.9%
Nissan	4,082	3,479	-15%	5.0%	4.6%
Other	72	89	24%	0.1%	0.1%
Porsche	126	121	-4%	0.2%	0.2%
Ram	2,936	3,005	2%	3.6%	4.0%
Subaru	3,987	3,772	-5%	4.9%	5.0%
Tesla	74	82	11%	0.1%	0.1%
Toyota	8,739	8,447	-3%	10.7%	11.2%
Volkswagen	1,444	1,256	-13%	1.8%	1.7%
Volvo	220	390	77%	0.3%	0.5%

Data source: IHS Automotive.

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

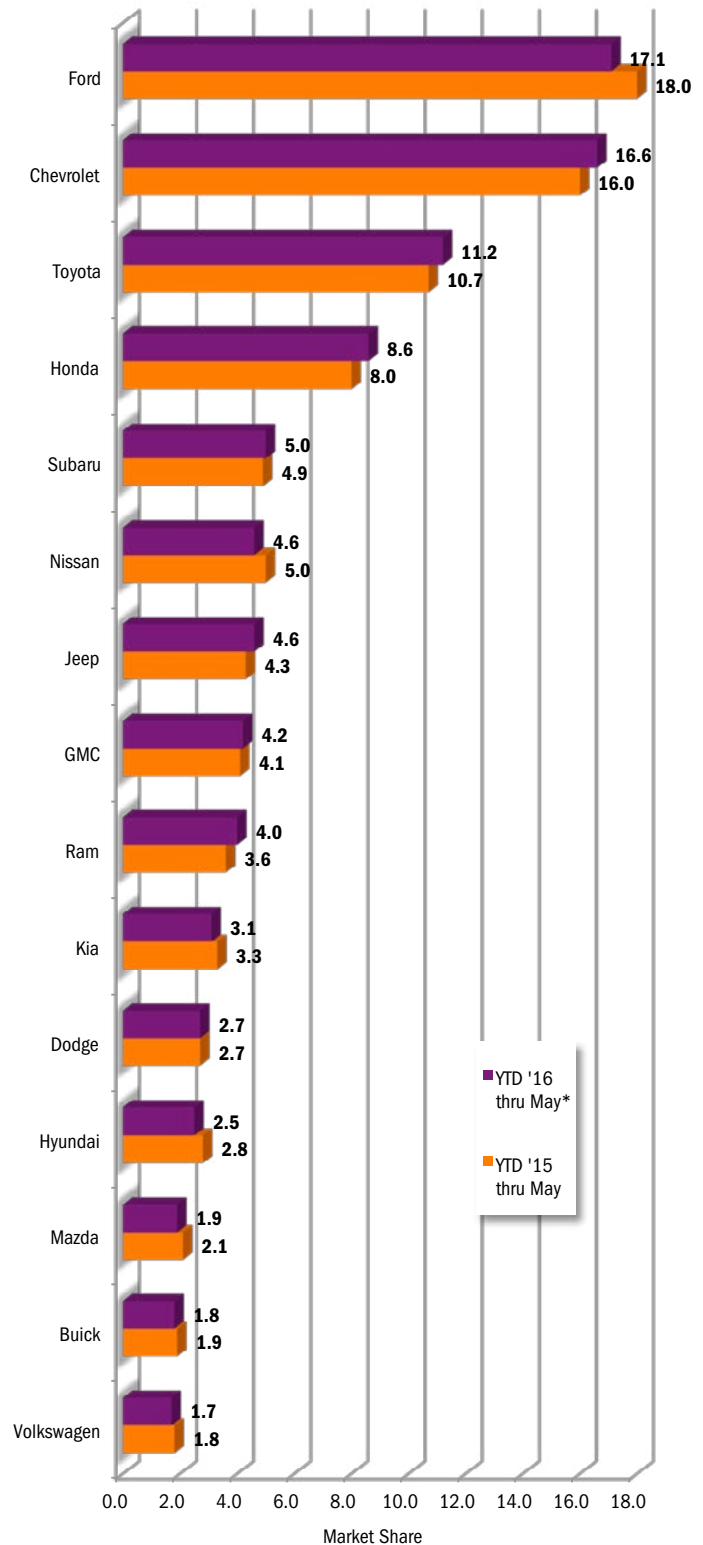
*Figures for May 2016 were estimated by Auto Outlook.

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State Market Share for Top 15 Selling Brands
YTD '16 thru May* vs. YTD '15



Data source: IHS Automotive.

*Figures for May 2016 were estimated by Auto Outlook.

MADA News

PAC Fundraising Just Shy of 50%

In June, our industry's two political action committees (PAC), the state Committee of Automotive Retailers (CAR), and the federal NADA PAC, received 48% of our fundraising goal.

Many thanks to those dealer principals and general managers who have contributed to date. We hope to reach 100% of our goal in the coming months. As MADA pursues an aggressive legislative agenda in 2017, we want to help elect pro-dealer majorities in St. Paul and Washington, D.C., and it will take your contributions to do so.



visit us online at
www.mada.org

MADA News

Members Meeting Results in Bylaw Changes

In conjunction with the the Roseville Regional Meeting on June 24, MADA conducted a special Members Meeting. President Mike Saxon convened the meeting to update some outdated MADA Bylaws and Articles of Incorporation. Among the updates that were approved were a change in titles for officers, granting the board the authority to make changes to the bylaws, and elimination of the requirement for an annual business meeting.



Endorsed Service & Vendors

Check Guarantee/Credit Card Processing
FIS / Certegy

Collections
Springer Collections

Computerized Vehicle Registration
CVR

Dealer Bond Program
Ensure Agency

Disability Income Insurance & Section 125 Cafeteria Plans
American Fidelity Assurance

F&I Products
Protective

Fleet Fueling Program
SuperAmerica

Group Health Insurance
Blue Cross Blue Shield of MN
Delta Dental
ReliaStar Life

Hole-In-One Insurance
Hole-In-One-USA

Lighting
LED Supply Company

Office Supplies
Innovative Office Solutions

OSHA, EPA & DOT Compliance/Training
ComplyNet Corporation

Pre-Paid Legal, Jim Gavin
Identity Theft Shield &
Pre-Paid Legal Services

Uniforms and Linen Services
AmeriPride Linen & Apparel
Services

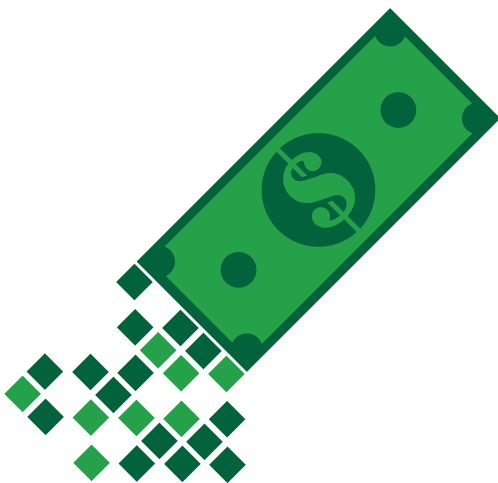
Workers Compensation
Ensure Agency



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 ▪ July 2016



FAQ

Q: The minimum wage is going up. Right?

A: Yes. Effective August 1, 2016, Minnesota dealers must pay a minimum wage of \$9.50 per hour. Youths - 17 years old and younger - may be paid a minimum wage of \$7.75 per hour. There are no further scheduled increases until January of 2018 when the rate will be adjusted for inflation.