MADA
Minnesota Automobile Dealers Association

News
September 2014

Legislative News

Congressional Races to Watch

Besides the governor and state representatives, all eight seats for Minnesota's congressional delegation are on the ballot in November. With an open seat and the potential for an upset, there will be some new faces representing Minnesota next January.

Minnesota's 8th: Nolan vs Mills

One of the races garnering lots of attention – both locally and nationally – is the contest between incumbent Rick Nolan (DFL) and political newcomer Stewart Mills (R) in Minnesota's 8th district. What had been a safe Democrat seat for decades during the tenure of Congressman Jim Oberstar has become a swing seat since 2010. Nolan is considered especially vulnerable due to his distaste for fundraising, as much as the meteoric rise of Mills, who has been labeled the "Brad Pitt of the Republican Party."

Beyond having connections to the industry as a member of the Mills Automotive Group family, Mills is an especially qualified candidate who fits the district well and has been able to connect with voters on the campaign trail. Political pundits have moved this race from "Leans Democrat" to "Toss-Up," meaning there's a good chance that Mills could find himself in Washington next year.

Congressional Races to Watch... *continued on page 7*

...there will be some new faces representing Minnesota next January

inside

New Truck Board Member

50 years for Anderson & Koch

Shop Lien Streamline

Annual Meeting set

upcoming events

- oct 22 — OSHA & your Automotive Lifts webinar
- nov 12 — Title Basics Minneapolis
- nov 12 — Certified Title Minneapolis

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

Scott Lambert, Executive Vice President • 200 Lothenbach Ave. • West St. Paul, MN 55118 • (651) 291-2400 • 1-800-652-9029 • FAX (651) 291-2894

Save the Date

MADA's 2014

Annual Meeting & Luncheon

Coming

to the Doubletree by Hilton Bloomington
11:45 a.m.
Silent auction will begin at 11:00 a.m.

MADA
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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Morrie Wagener, *Morrie's Automotive Group, Minnetonka*
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200 Lothenbach Avenue • West St. Paul, MN 55118
Metro: 651-291-2400 • Toll Free: 800-652-9029
FAX: 651-291-2894 • Web site: http://www.mada.org

MADA News

MADA Annual Meeting Notice

The official annual membership meeting of the Minnesota Automobile Dealers Association will be held at the Doubletree by Hilton Bloomington, 7800 Normandale Blvd., Bloomington on Friday, December 5, 2014 at 11:45 a.m. Invitations will be sent to dealer members in October.

Reminder: Help MADA Show Community Support of our Dealerships

The franchised dealer system has recently come under attack by economists, TV talking heads - and even members of the Federal Trade Commission – who voiced their support for direct-to-consumer car sales. To counter the notion that the franchise system is flawed, MADA and NADA are gathering letters of support from local elected officials who can speak to the benefits of dealerships in their communities. So far, we have received a handful of letters from cities around the state, but are looking to collect a couple dozen more.

If you have a good working relationship with your city council person, county commissioner or mayor, please consider approaching them for a support letter. Copies of a draft letter can be obtained from MADA Director of Government Affairs Amber Backhaus at amber@mada.org or 651-291-2400 or on the web: www.supportlocaldealers.com, where they can sign the letter online.

Thanks in advance for your assistance – and for helping to demonstrate the strength of the franchise system and the roots dealers have in the communities they serve.

MADA News

Vendor Appreciation Night

During a warm August night dealers, MADA staff and a wide variety of vendors and Association Partners converged on Canterbury Park for an evening of reverie. It was a chance to say thank you to the many business associates, partners and vendors who help make the work of MADA happen.

Over 100 people attended the event in Longshots Suite within Minnesota's premiere racetrack Canterbury Park. The 4th race was even named in MADA's honor as we ringed the winners circle with our party.

Endorsed vendors, event sponsors, magazine advertisers, and our business partners are an important part of the work and success at MADA. They supplement the Association's income, provide valuable products to the dealers and give critical information to the Association staff. Businesses who are endorsed by MADA or otherwise support the association should receive a nod of thanks from the dealers.

MADA News

Hatlestad replaces Nuss on board

We are very happy to announce the addition of Andy Hatlestad to the MADA Board of Directors as the new Truck Representative. Andy is the Dealer Principal of North Central International, Inc. in North Mankato. He is also a partner in five other truck dealerships around Minnesota. Andy replaces the dedicated Truck representative of the last 19 years, Bob Nuss of the Nuss Truck Group, headquartered in Rochester. A heartfelt "thank you" goes out to Bob for his dedication in representing the truck members all these years. Bob will be honored at the 2014 MADA Annual Meeting.

Legal News

Dealer Guide to Using the New Shop Lien Law

A streamlined process for dealers to sell vehicles held for shop/possessory liens was enacted in the last legislative session and became law August 1.

New and used car dealers are eligible to sell a vehicle held for shop lien in the ordinary course of business to a retail or wholesale buyer after notice by certified mail. The new alternative procedure is far simpler than the procedure it will generally replace, which requires a sheriff's sale auction. However, there are standards that the dealership must meet.

MADA Counsel Jim Schutjer prepared a thorough explanation of the new expedited procedure and developed forms to comply with the law, which will allow the selling dealer to obtain a title in the buyer's name.

In certain circumstances, the dealer may choose to use the old sheriff's sale auction procedure which remains in the statute to preserve a future claim against the vehicle owner.

The Guide and Forms are posted on the MADA Website: www.mada.org

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

"President Obama insists he's a free-market guy. But you have to wonder whether he understands how a free economy really works."

--Fred Barnes

MADA Annual Meeting Keynote Speaker Fred Barnes on Friday, Dec. 5th.
Mark your calendar now!

Industry News

Debating the Calendar in Georgia

The Georgia Auto Dealers Association (GADA) wants Tesla's license revoked because retail sales in the state exceeded the cap of 150 car sales/year in Georgia law. GADA sent the petition to the state's Department of Revenue over Labor Day weekend.

Tesla argues that the limit is for each calendar year, and the 173 Tesla cars sold from October to June won't affect the 2014 calendar limit.

Last year, the White House responded to a "We the People" petition from Tesla supporters that "pre-empting current state laws on direct-to-consumer auto sales would require an act of Congress," because auto sales are traditionally regulated at the state level.

Minnesota Auto Outlook

Covering the Minnesota automotive market **Data thru July 2014**

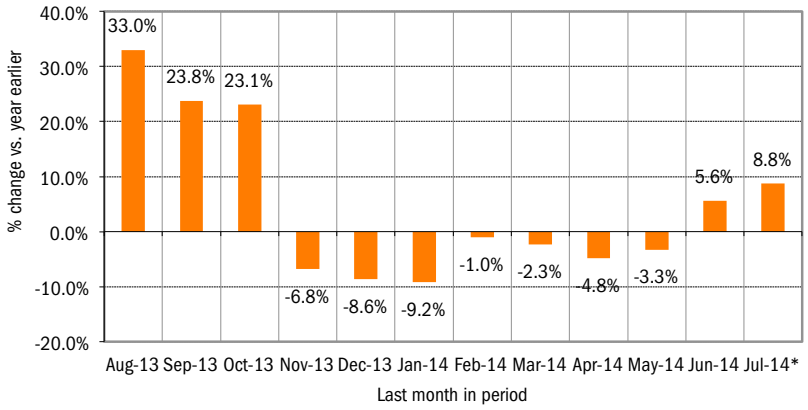
Released by: Minnesota Automobile Dealers Association

Minnesota New Retail Car and Light Truck Registrations

	Most Recent Two Months			YTD thru July*			YTD Market Share (thru July)*		
	6/13 & 7/13	6/14 & 7/14*	% change	2013	2014	% change	2013	2014	change
Industry Total	35,208	40,667	15.5%	116,999	120,618	3.1%			
Cars	15,190	16,339	7.6%	49,629	46,632	-6.0%	42.4	38.7	-3.7
Light Trucks	20,018	24,328	21.5%	67,370	73,986	9.8%	57.6	61.3	3.7
Japanese Brands	12,307	14,222	15.6%	38,999	41,822	7.2%	33.3	34.7	1.4
Toyota	4,579	5,423	18.4%	14,871	15,256	2.6%	12.7	12.6	-0.1
Honda	3,401	3,366	-1.0%	10,678	10,802	1.2%	9.1	9.0	-0.1
Nissan	2,002	2,428	21.3%	6,017	6,671	10.9%	5.1	5.5	0.4
Other	2,325	3,005	29.2%	7,433	9,093	22.3%	6.4	7.5	1.1
Domestic Brands	17,770	21,123	18.9%	61,472	63,625	3.5%	52.5	52.7	0.2
General Motors	7,475	8,554	14.4%	25,871	25,712	-0.6%	22.1	21.3	-0.8
Ford	6,288	7,129	13.4%	22,477	22,296	-0.8%	19.2	18.5	-0.7
Chrysler	3,976	5,391	35.6%	13,009	15,501	19.2%	11.1	12.9	1.8
Other	31	49	58.1%	115	116	0.9%	0.1	0.1	0.0
European Brands	2,434	2,592	6.5%	8,014	7,303	-8.9%	6.8	6.1	-0.7
Volkswagen	1,208	1,086	-10.1%	3,874	3,486	-10.0%	3.3	2.9	-0.4
BMW	600	738	23.0%	2,113	1,728	-18.2%	1.8	1.4	-0.4
Mercedes	316	433	37.0%	1,064	1,247	17.2%	0.9	1.0	0.1
Other	310	335	8.1%	963	842	-12.6%	0.8	0.7	-0.1
Korean Brands	2,697	2,730	1.2%	8,514	7,868	-7.6%	7.3	6.5	-0.8

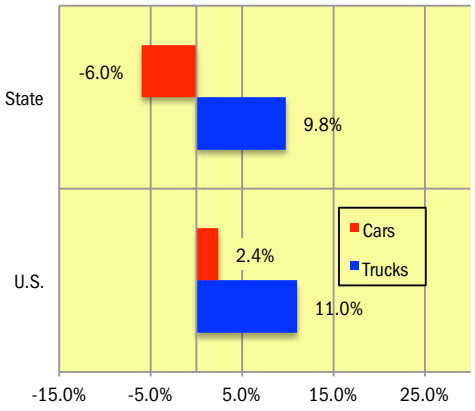
Brands included above: Domestic Brands: GM (Buick, Cadillac, Chevrolet, and GMC), Ford (Ford and Lincoln), Chrysler (Chrysler, Dodge, and Jeep). Japanese: Toyota (Toyota, Lexus, and Scion), Honda (Honda and Acura), Nissan (Nissan and Infiniti), Other (Mazda, Mitsubishi, Subaru, and Suzuki). European: VW (Audi, Bentley, and Volkswagen), BMW (BMW, Rolls Royce, and MINI), MB (Mercedes Benz), Other (Aston Martin, Ferrari, Fiat, Jaguar, Land Rover, Lotus, Maserati, and Volvo). Korean: Hyundai and Kia.
*Figures for July 2014 were estimated by Auto Outlook. Data Source: Polk.

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 July 2014 were estimated by Auto Outlook. Data Source: Polk.

Percent Change in State and U.S. New Retail Light Vehicle Markets YTD '14 thru July* vs. YTD '13



The graph above compares the change in new retail car and light truck registrations in both the state and U.S. markets.
*Figures for July 2014 were estimated by Auto Outlook.
Data Source: Polk.

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: Polk.

Minnesota New Retail Light Vehicle Registrations	Registrations			Market share	
	YTD '13 thru July	YTD '14 thru July*	% change	YTD '13 thru July	YTD '14 thru July*
TOTAL	116,999	120,618	3%		
Acura	852	955	12%	0.7%	0.8%
Audi	805	973	21%	0.7%	0.8%
BMW	1,635	1,403	-14%	1.4%	1.2%
Buick	2,334	2,222	-5%	2.0%	1.8%
Cadillac	839	819	-2%	0.7%	0.7%
Chevrolet	18,508	18,188	-2%	15.8%	15.1%
Chrysler	2,447	2,037	-17%	2.1%	1.7%
Dodge	4,189	4,248	1%	3.6%	3.5%
FIAT	199	188	-6%	0.2%	0.2%
Ford	21,838	21,665	-1%	18.7%	18.0%
GMC	4,190	4,490	7%	3.6%	3.7%
Honda	9,826	9,887	1%	8.4%	8.2%
Hyundai	3,991	3,660	-8%	3.4%	3.0%
Infiniti	477	523	10%	0.4%	0.4%
Jaguar	28	31	11%	0.0%	0.0%
Jeep	3,020	4,975	65%	2.6%	4.1%
Kia	4,523	4,227	-7%	3.9%	3.5%
Land Rover	216	183	-15%	0.2%	0.2%
Lexus	1,158	1,304	13%	1.0%	1.1%
Lincoln	639	627	-2%	0.5%	0.5%
Mazda	2,383	2,570	8%	2.0%	2.1%
Mercedes	1,051	1,207	15%	0.9%	1.0%
MINI	478	327	-32%	0.4%	0.3%
Mitsubishi	527	1,130	114%	0.5%	0.9%
Nissan	5,540	6,139	11%	4.7%	5.1%
Other	192	134	-30%	0.2%	0.1%
Porsche	131	156	19%	0.1%	0.1%
Ram	3,353	4,224	26%	2.9%	3.5%
Subaru	4,439	5,398	22%	3.8%	4.5%
Tesla	48	52	8%	0.0%	0.0%
Toyota	13,713	13,935	2%	11.7%	11.6%
Volkswagen	2,938	2,359	-20%	2.5%	2.0%
Volvo	492	382	-22%	0.4%	0.3%

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

*Figures for July 2014 were estimated by Auto Outlook.

Source: Polk

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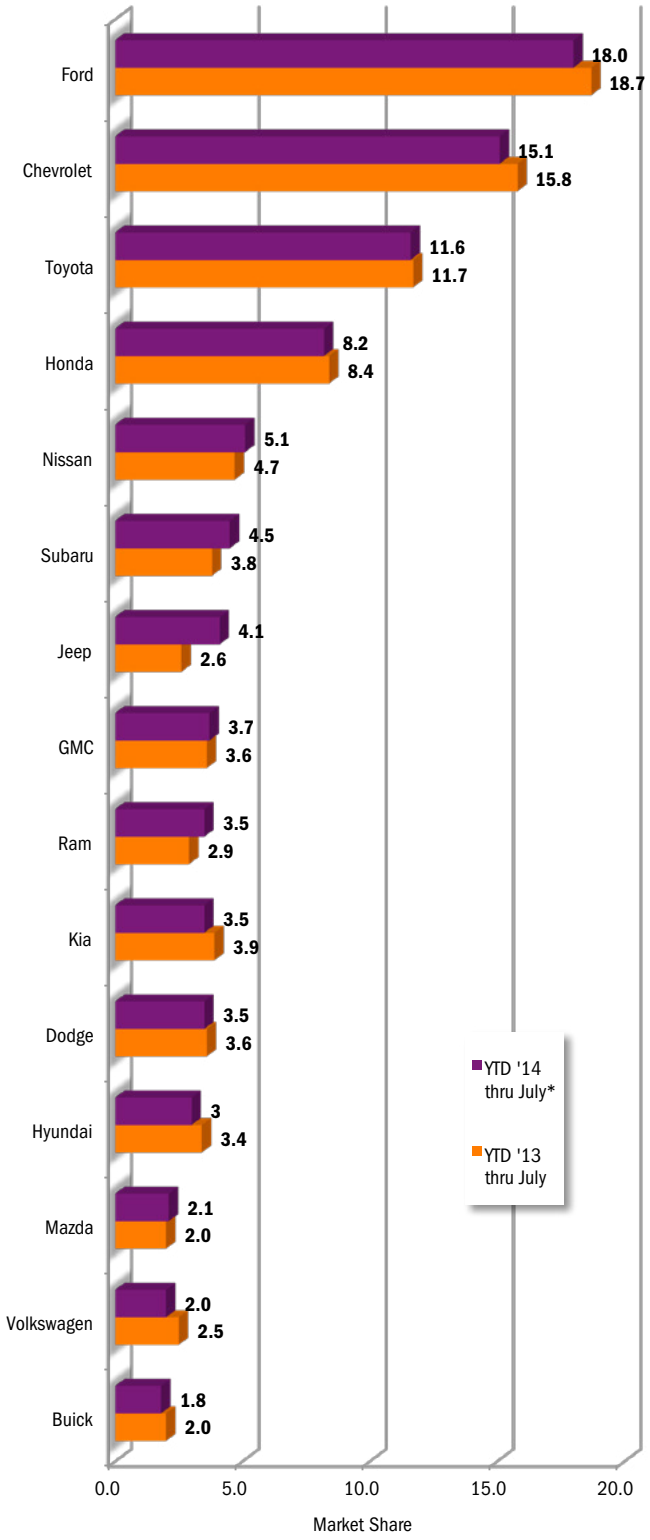
State Market Share for Top 15 Selling Brands
YTD '14 thru July* vs. YTD '13



*Figures for July 2014 were estimated by Auto Outlook.

Source: Polk.

Member News

Whitaker Buick GMC in Forest Lake is celebrating its 60th Anniversary. **Bill Whitaker Sr.** started the business in 1954. Current owner is son, **Steve Whitaker**. Congratulations!

Motors of Blaine in Anoka has closed.

Owatonna Ford Chrysler has changed its name and will be doing business as ***Owatonna Motor Company***.

Grand Rapids GM has changed its name and will be doing business as ***Grand Rapids Chev-Buick-GMC-Cadillac***.

Anderson & Koch Ford, Inc., North Branch is celebrating 50 years in business. Congratulations to owners **Bill and Jay Young**!

Congressional Races to Watch... *continued from cover*

Minnesota's 6th: Emmer the Successor

With the retirement of Michelle Bachmann, voters in the 6th Congressional District will also be sending a new representative to DC. Former state Representative and Republican gubernatorial candidate Tom Emmer is expected to easily win his election versus college professor Joe Perske in what is the most GOP district in the state.

Minnesota's 7th: Young Gun or Longshot?

Congressman Collin Peterson (DFL) has represented Minnesota's 7th district for 24 years. His willingness to take on his party and vote the district as a Blue Dog Democrat has contributed to his success over the years. Plus, it does not hurt that he is the ranking Democrat on agricultural issues, which has been a boon to his district's farming economy. However, US House Republicans think they have the chance to take down Peterson in a district that voted overwhelmingly for Mitt Romney in 2012. They are putting significant resources behind state legislator Torrey Westrom, who they think has the appetite and story - as a blind attorney - to take down Peterson. While the numbers may favor Westrom on paper, Peterson is still very popular with his constituents, making an upset here a longshot.

The other five incumbents: Tim Walz (DFL-1), John Kline (R-2), Erik Paulsen (R-3), Betty McCollum (DFL-4), and Keith Ellison (DFL-5) are expected to win handily in November and continue their representation of the state.

MADA
Minnesota Automobile Dealers Association

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Computerized Vehicle Registration
CVR

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Dealership Marketing
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Blue Cross Blue Shield of MN
Delta Dental
ReliaStar Life

Workers Compensation
Ensure Agency

Dealer Bond Program
Ensure Agency

Collections
Springer Collections

Check Guarantee/Credit Card Processing
FIS / Certegy

Disability Income Insurance & Section 125 Cafeteria Plans
American Fidelity Assurance

OSHA, EPA & DOT Compliance/Training
ComplyNet Corporation

Fleet Fueling Program
SuperAmerica

Office Supplies
S & T Office Products

Uniforms and Linen Services
AmeriPride Linen & Apparel Services

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

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

MADA
Services Incorporated

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*

Minnesota Automobile Dealers Association
200 Lothenbach Avenue
West St. Paul, MN 55118

ADVOCACY ▪ EXPERTISE ▪ EDUCATION ▪ COMMUNICATION

MADA NEWS ▪ SEPTEMBER 2014

FAQ

Q: The factory is promoting a pull-ahead lease program. The goal is to take customers who are currently 2 years into a 3 year lease, cancel that lease and start them over in a new car with a new lease for 3 years. My question has to do with sales tax. When the customer leased their existing car 2 years ago, they paid an upfront lease tax of $900. Since they have in effect only “used up” 2/3rds of that lease value and a corresponding $600 of the tax money, is that “unused” $300 just lost?1

A: No. The upfront lease sales tax law includes a provision which allows a customer who terminates a lease early to receive a pro rata credit on a new purchase or lease of a vehicle. The new purchase or lease must be completed within 30 days of the old lease’s termination. The credit equals the amount of upfront sales tax paid on the terminated lease times a ratio obtained by dividing the number of full months remaining in the terminated lease by its initial term in months. Dealers accepting the credit should retain documentation to establish:

- Date of the new sale or lease
- Date the old lease cancelled
- Initial term of the cancelled lease
- Amount of sales tax paid on the cancelled lease

The ideal documentation would be a copy of the cancelled lease showing the upfront tax paid.

MADA
Minnesota Automobile Dealers Association

Education
Fax Registration

FAX REGISTRATION TO: 651-291-2894
Denise Anderson denise@mada.org

	Class Options	Circle Preferred Date	Location
OSHA and Your Automotive Lifts	**OSHA and Your Automotive Lifts - Webinar** 10:00 a.m. – 11:00 a.m. Free to Council Members $49 non-members	**October 22, 2014**	**Webinar**

	Class Options	Circle Preferred Date	Location
Title Basics	**Title Basics – Minneapolis** 9:30 a.m. - 11:30 a.m. $199	**November 12, 2014**	**Doubletree by Hilton - Park Place** 1500 Park Place Blvd Minneapolis, MN 55416

	Class Options	Circle Preferred Date	Location
The Certified Title & Registration Program	**Sales Tax** 9:00 a.m. - 10:00 a.m. $99	**November 12, 2014**	**Doubletree by Hilton - Park Place** 1500 Park Place Blvd Minneapolis, MN 55416
	New to Fleet 10:30 a.m. - 12:30 p.m. $99	**November 12, 2014**	
	Minnesota Titles and Transfers 1:00 p.m. – 3:00 p.m. $99	**November 12, 2014**	

Name_____ Title_____

Name_____ Title_____

Dealership_____ Customer ID #_____

Address_____

Phone_____ E-mail_____

For Information on these classes or to register online go to www.mada.org/training