

Legislative News



2017 Session Coming to a Close

Many Issues Still Unresolved

As this issue of the *May MADA News* goes to press, the Minnesota Legislature is less than two weeks away from its constitutionally-mandated adjournment date of May 22, 2017. The GOP-controlled legislature and Governor Dayton are still miles apart on reaching a deal to fund state government in the upcoming budget cycle. As a result, most Capitol insiders think the session will go into overtime.

Franchise Updates and Doc Fee Increase Move Forward

For MADA, our top priorities are still in play. Legislation to update the motor vehicle franchise law to provide for fair warranty reimbursement and require dealers be compensated in the event of a stop sale passed the Minnesota House of Representatives on a vote of 118-4 on Monday, May 8. The Senate will be taking up the companion version in the coming days.

The ten senators and representatives who comprise the conference committee on the Transportation Budget have agreed to phase-in a \$50 increase in the dealer document fee. They are proposing that after July 1, 2017, the cap on the doc fee be raised to \$100 and on July 1, 2020, to \$125. However, this budget bill is one that is still tied up in negotiations with Governor Dayton. Until both bodies pass the conference report and the governor signs it, the doc fee increase is not a done deal.

Please watch your inbox for continued updates - and hopefully a final report on legislative activity in the June edition of *MADA News*.

inside

CVR on Hold

Reminder on Recall Disclosures

What's in Store at BCBS

...our top priorities are still in play.

upcoming events

jun 13 Responsibility & Repair of New Vehicles
Bloomington

jun 13 Title Basics
West St. Paul

jun 20 Dealership Customer Service Training
West St. Paul

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

MADA News

Fleet Operators: Check Your Best Practices

Recent news reports about discrepancies in the state's municipal bid system for motor vehicles has caused a few dealers around the state to double-check the work of their fleet departments. The complicated bid system run through the state's procurement office has encouraged the development of very few individuals who specialize in this area and are knowledgeable on how to navigate these programs. As a result, they often work in isolation within the dealerships.

Dealers involved in this type of fleet business are encouraged to spot check the transactions and work with their accountants to institute some checks and balances. If discrepancies are found, dealers are encouraged to contact the customers immediately as well as any state agencies

MADA News

MNLARS Launch Forces Changes within CVR Program

The anticipated launch of MNLARs, the state's new web-based vehicle registration and titling platform, is forcing some disruptions within the popular CVR electronic titling system. In the summer of 2016, the Driver and Vehicle Services (DVS) division of the Department of Public Safety began informing MADA that a temporary closing of the CVR function would be necessary as they rolled out MNLARs. Unfortunately, that roll out has been rescheduled multiple times and even now there is no firm date for MNLARs launch. Nonetheless, the CVR system is being put on pause on May 31 as the state winds down the contract on its legacy system and finishes the bid process for vendors who will work on electronic titling and registration through the MNLARs program. According to DVS, dealers using CVR:

- must enter all CVR work by 9 p.m. May 30;
- beginning May 31, will not be able to process work through CVR; and,
- will be contacted by CVR to arrange the pick-up of unused license plates and registration stickers.

MADA will continue to monitor the date for the unveiling of the MNLARs program and work to restart the electronic titling functionality as soon as possible.



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

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

Vice Chair

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

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FAX: 651-291-2894 • Web site: <http://www.mada.org>

visit us online at
www.mada.org

Insurance News

BCBS Offers Retail Locations

Did you know that Blue Cross Blue Shield (BCBS) has retail stores? You can visit BCBS near the Roseville Mall, in Edina at the Southdale Mall and in Duluth. If you would prefer to speak to someone in person, rather than on the phone about your plan, these are the outlets for you. At the sites, BCBS staff is available to review your coverage, answer questions about your policy and talk to you about services that are available to you. You do not need to be a member of our Blue Cross network to visit these stores. They are for anyone interested in Blue Cross, and for anyone who has a Blue Cross policy.

Update on BCBS Billing System

Blue Cross is installing a new program to run the MADA Insurance billing for the start of the new health year. Because the software is new to us as well, we need to adjust how we enter the information into our systems. As a warning, the July 2017 billing may be late. We do not expect everyone to rush to pay an invoice that has not arrived on time. Blue Cross is accepting of the circumstances surrounding this change and will not penalize participants in MADA Insurance if their payment is past due because of these updates.

If you are a new car dealer with MADA membership and want to look into joining our plan, pricing is available. Have your agent call Blue Cross Blue Shield (BCBS) for a quote. If you do not have an agent, please feel free to contact Sarah at sarahw@mada.org, or Sue at sue@mada.org, and we can get a quote for you.

Legal News

N.Y. Recall Disclosure Case

The New York Attorney General's office reached a settlement with 104 franchised and independent auto dealerships that sold used vehicles without repairing or disclosing that the vehicles had open recalls for safety defects. This settlement comes following an investigation by the attorney general's office that surveyed dealer advertisements, monitored vehicles covered by safety recalls, and identified auto dealers that advertised vehicles with unrepaired safety recalls. The investigation found that while many prospective used car buyers reasonably assumed that any known and existing safety issues had been repaired or disclosed by the dealer, that was often not the reality as many customers bought vehicles with unrepaired recalls without their knowledge.

Even though Minnesota dealers, in most circumstances, are not required to disclose the existence of an open and unrepaired recall on used vehicles, MADA nonetheless recommends that all dealers provide such notice to customers by performing a recall search on each used vehicle and clearly disclosing the results of that search to potential customers. This information can easily be obtained by plugging the VIN into www.safercar.gov.

**Do you have a training need or suggestion?
We would like to hear from you!**

**Please call Alice
at 651-789-2956 or
email alice@mada.org.**

Shop Talk: Responsibility & Repair of New Vehicle Technologies and Metals

featuring Mike Anderson, Collision Advice

With the emergence of new vehicle technologies and metals, it is critical for your dealership service department and collision repair shop to understand the responsibility and unique techniques around these repairs. Also, with new features come unique opportunities to position your departments for success.

Mike Anderson is an acclaimed champion of everything that is, or could be, right about the industry. As one of the most knowledgeable people in his field, he is a sought-after speaker, author and consultant. Mike Anderson is an Accredited Automotive Manager (AAM) and has served in many positions over his career. He is the former owner of Wagonwork Collision Centers, two highly acclaimed shops located in Alexandria, VA. His technical staff was ASE-Certified and his collision technicians were also certified by Lincoln Basic Motorsports Welding accreditation course and held numerous OEM certifications.



Tuesday, June 13

9:00 a.m. - 1:00 p.m.

DoubleTree by Hilton
Minneapolis - Park Place

Register TODAY!

http://bit.ly/MADA_RRtraining

CAUTION!

Do you know your responsibility in the repair process of vehicle technologies and metals?



"I came into the industry in November of 1985 and I have NEVER seen dealerships have more of a competitive advantage in collision repair than what I do today! The OEM's have more influence and will continue to have more influence as to where the consumer takes their vehicle for repairs after an accident than they do today and in the future due to Telematics and First Notice of Loss."--Mike Anderson

Visit www.madaspcc.org to reserve your spot today!

Minnesota Auto Outlook

Released by:
**Minnesota Automobile
Dealers Association**

Covering the Minnesota automotive market

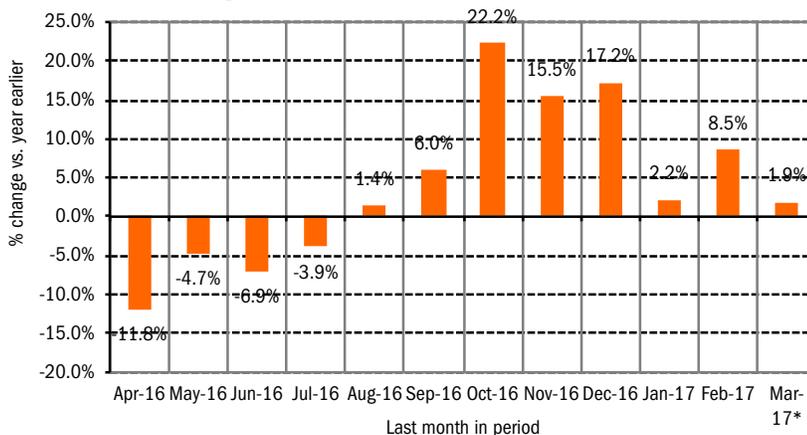
Data thru March 2017

Minnesota New Retail Car and Light Truck Registrations

	Most Recent Two Months			YTD thru March			YTD Market Share (thru Mar.*)		
	2/16 & 3/16	2/17 & 3/17*	% change	2016	2017*	% change	YTD '16	YTD '17	change
Industry Total	27,648	29,104	5.3%	42,892	43,722	1.9%			
Cars	8,279	7,317	-11.6%	12,461	10,858	-12.9%	29.9	25.1	-4.8
Light Trucks	19,369	21,787	12.5%	30,431	32,864	8.0%	70.1	74.9	4.8
Japanese Brands	9,311	9,911	6.4%	14,511	15,102	4.1%	33.7	34.1	0.4
Honda	2,480	2,701	8.9%	3,695	4,073	10.2%	9.0	9.3	0.3
Nissan	1,290	1,462	13.3%	2,122	2,325	9.6%	4.7	5.0	0.3
Toyota	3,398	3,371	-0.8%	5,297	5,000	-5.6%	12.3	11.6	-0.7
Other	2,143	2,377	10.9%	3,397	3,704	9.0%	7.8	8.2	0.4
Domestic Brands	14,995	15,959	6.4%	23,400	23,719	1.4%	54.2	54.8	0.6
FCA (excl. FIAT)	3,453	3,783	9.6%	5,375	5,848	8.8%	12.5	13.0	0.5
Ford	4,763	4,817	1.1%	7,507	7,287	-2.9%	17.2	16.6	-0.6
General Motors	6,754	7,325	8.5%	10,464	10,492	0.3%	24.4	25.2	0.8
Other	25	34	36.0%	54	92	70.4%	0.1	0.1	0.0
European Brands	1,908	1,825	-4.4%	2,756	2,728	-1.0%	6.9	6.3	-0.6
BMW	557	448	-19.6%	806	632	-21.6%	2.0	1.5	-0.5
Mercedes	288	294	2.1%	410	407	-0.7%	1.0	1.0	0.0
Volkswagen	785	828	5.5%	1,114	1,302	16.9%	2.8	2.8	0.0
Other	278	255	-8.3%	426	387	-9.2%	1.0	0.9	-0.1
Korean Brands	1,434	1,409	-1.7%	2,225	2,173	-2.3%	5.2	4.8	-0.4

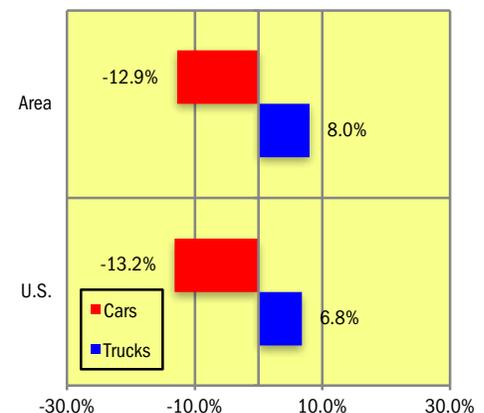
Brands included above: Domestic Brands: GM (Buick, Cadillac, Chevrolet, and GMC), Ford (Ford and Lincoln), Chrysler (Chrysler, Dodge, Jeep, and Ram). Japanese: Toyota (Toyota, Lexus, and Scion), Honda (Honda and Acura), Nissan (Nissan and Infiniti), Other (Mazda, Mitsubishi, and Subaru). European: VW (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 March 2017 were estimated by Auto Outlook. Data Source: IHS Markit.

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.
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Percent Change in State and U.S. New Retail Light Vehicle Markets YTD '17 thru March* vs. YTD '16



The graph above compares the change in new retail car and light truck registrations in both the state and U.S. markets. *Figures for March, 2017 were estimated by Auto Outlook. Data Source: IHS Markit.

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.
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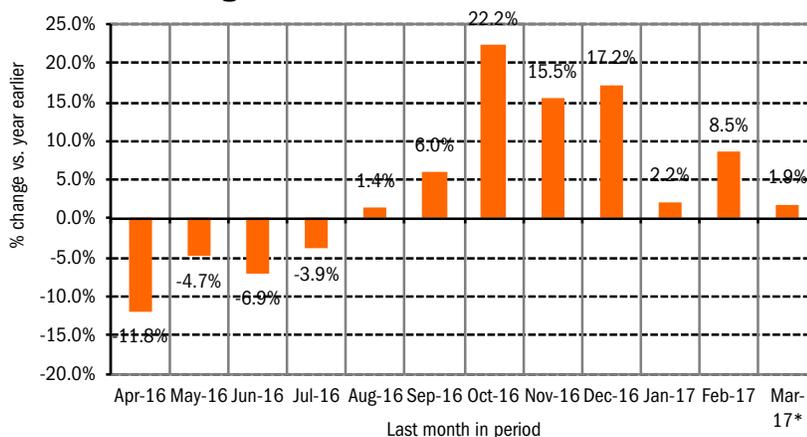
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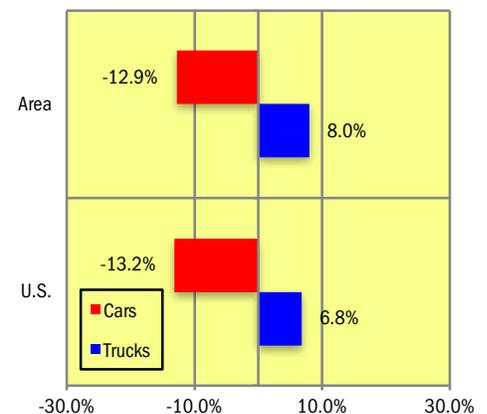
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Data Source: IHS Markit.

Member News

After being neighbors and friendly competitors for the past eight years, **Bill Mauer** of **Mauer Chevrolet** acquired **Larry Reid's Arrow Buick GMC** which will now be **Mauer Buick GMC**.

The Twin Cities newest Audi point - **Audi Richfield** owned by **Ralph Mauro** of **International Autos Group** - had a soft opening the afternoon of April 13. An official open house date is yet to be determined.

Chester Berg Toyota in Bemidji broke ground last July on their new dealership, which opened March 6. Congratulations & enjoy your new building!

Nelson Ford-Lincoln in Fergus Falls celebrated its 25th Anniversary on April 21. Congratulations **Laurel & Brent Nelson** on reaching the quarter of a century mark successfully!

MADA Vendor Viewpoint

Putting the Customer First

Danny Meyer, a great restaurateur once said: "Business, like life, is all about how you make people feel. It's that simple, and it's that hard." If a business is not careful and makes you feel like you are not important to them, you will not be spending your time or money with them. On the other hand, if they do make you feel great by treating you as if you are important and valuable, you will spend more money and give them more time. So, if it is all about how you make your customers feel, how does your business makes them feel? More precisely, how do your people make them feel? In this competitive market, you must educate your employees on the value of making customers feel great throughout their shopping, buying and ownership experience. This does takes time, money and commitment from you.

Article contributed by By Tony Trousov, CSP™, Director of Training
Automotive Development Group, LLC



Endorsed Service & Vendors

Check Guarantee/Credit Card Processing

FIS / Certegy

Computerized Vehicle Registration

CVR

Dealer Bond Program

Ensure Agency

Disability Income Insurance & Section 125

Cafeteria Plans

American Fidelity Assurance

Employee Placement

Hireology

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 ▪ MAY 2017

FAQ

Q: I know there's a broad exemption from Federal overtime for motor vehicle "salesmen, partsmen, and mechanics." Where do service writers fit in? We've always considered them exempt.

A: For several years now, a California lawsuit focused on overtime for service writers has been bouncing around the Federal courts. This includes one stop already at the United States Supreme Court for a procedural ruling and perhaps a second trip in the offing to try and settle the question of whether the salesmen, partsmen, and mechanics exemption from overtime under the Fair Labor Standards Act includes service advisors/writers.

Early this year, the Ninth Circuit Court of Appeals again decided that service advisors are not exempt. In its decision, the Court acknowledged that its ruling is in conflict with two other U.S. Circuit Courts of Appeal, and at least one state supreme court.

The United States Supreme Court may still weigh in. In the meantime, because the Ninth Circuit decision is not binding in Minnesota, and because this decision still represents a minority opinion on the issue, MADA legal recommends dealers continue to treat service advisors as exempt from overtime.