

### Legislative



## Session Ends - Campaign Season Begins

Most Minnesotans are familiar with our two seasons: winter and road construction. For the politically-inclined, the two primary times of year are the legislative session and campaign season. With the curtain set to close on the 2014 Legislature this month, the focus will quickly turn to the November 2014 ballot box. All 134 members of the Minnesota House of Representatives will be up for re-election, as will Governor Mark Dayton (DFL), who is finishing his first term in office. Additionally, some key federal races will be underway. US Senator Al Franken (DFL) is gearing up for his first re-election battle, and all eight members of Minnesota's congressional delegation will face the voters.

The battle on the campaign trail is expected to be fierce. With Democrats completely controlling Minnesota state government, Republicans will be looking to take back the Minnesota House and the governor's office. Currently, DFLers have a 73-61 majority in the state House, so it will take just seven seats for control to change – which is entirely possible considering the gigantic swings witnessed in both the 2010 and 2012 election cycles. Governor Dayton's odds for maintaining his office are better, considering there are five GOP challengers for his job and the candidate probably will not be decided until the August primary. Senator Franken, too, has the advantage of a contested race for the GOP endorsement – and a massive campaign war chest.

### Get Your Checkbooks Ready

And speaking of campaign war chests, the industry plans to continue its involvement in supporting pro-dealer candidates at both the state and federal levels. To that end, we will again be soliciting our members for personal contributions to either our

*Session Ends... continued on page 4*

### inside

AIDA Conference

Sunday Sales by FTC

Shape Auto Tech Training

Dealer Markup Developments

### upcoming events

June 12 Unclaimed property  
St. Cloud

May 18 Unclaimed property  
Minneapolis

July 8 Title Basics  
Minneapolis

visit  
[www.mada.org](http://www.mada.org)  
for details, registration  
and a complete list of  
Upcoming Events and  
Training

## Legal News

# BMO Harris Eliminates Dealer Markup

Effective April 24, 2014, BMO Harris Bank eliminated dealer discretion to mark up wholesale interest rates on vehicle installment sales contracts. BMO Harris is the first major wholesale buyer to pull back from traditional discretionary dealer markup to a system of flat fees to compensate dealers for originating finance paper.

BMO Harris' action was a huge victory for the Consumer Finance Protection Bureau. The CFPB's crusade for flat fees as the only acceptable way to address unintentional "disparate impact" – interest disparities based on race, gender and national origin – appeared to have been losing ground. Earlier this year, Ally Bank refused to bend to CFPB pressure on flats. In addition the National Automobile Dealers Association was successfully promoting its Fair Lending Compliance Program for dealers to eliminate discrimination while at the same time retaining discretion to set retail finance rates.

The response from the CFPB to BMO Harris' move to flats was understated yet clearly favorable. According to CFPB Director, Richard Cordray, "It is encouraging to see BMO Harris taking this proactive step to protect consumers from discrimination."

NADA hasn't said so publicly, but the move by BMO Harris hurts the industry's chances to preserve the existing highly competitive and efficient means to deliver financing to customers at a fair price. NADA's effort to promote Fair Lending Compliance procedures at dealerships as an alternative to flats becomes irrelevant if enough lenders follow the lead of BMO Harris instead of Ally.



**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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## Industry News

# AIADA Conference

The American International Auto Dealers Association met in Washington DC in early May to discuss free trade and industry issues. Cindy Wagener Robin took her seat as the newest AIADA Board member while Morrie Wagener and MADA Executive Vice President Scott Lambert met with Congressman Tim Walz (D-1st) and Eric Paulsen (R-3rd). The Conference also heard from notable policymakers including political analyst Charlie Cook and Representative Paul Ryan (R-Wis). On the business front the attendees were treated to a panel discussion on the industry from John Mendel, EVP of Automobile Sales American Honda Co. and Dave Zuchowski, President and CEO Hyundai Motor America, as well a presentation by bestselling business author Jonah Berger.

## MADA News

# MADA Foundation Supports AYES

The Board of Trustees of the MADA Foundation met this month for its annual Trustees Meeting. Foundation Chairman David Buerkle presided over the event. The Board of Trustees reviewed the Foundation's finances and approved projects for the coming year. The primary beneficiary of the Foundation is the Automotive Youth Educational System (AYES) in Minnesota, which works with high schools and their automotive programs to encourage young adults to seek a career in the automotive service industry.

The Foundation Board of Trustees is comprised of former Presidents of MADA. In addition to the support of AYES, the Board directed staff to solicit additional donations from the members during these summer months.

## C&S News

# Shape Auto Tech Training to Dealership Needs

The MADA Collision and Service Council is working with the Itasca Project (an employer-led civic alliance) on a statewide effort to test a simple, highly scalable method for employers like you to provide feedback to academic institutions about curriculum. The goal of this effort is to identify ways for Minnesota's higher education system to more tightly align its curriculum with your needs, and the needs of our economy.

This pilot will focus on strengthening four different state automotive technician programs in the MnSCU's Transportation Center, so if you employ automotive technicians, you will want to be involved. To participate, submit contact information for two people in your organization: 1) An automotive technician (including mechanic, Automotive Master Mechanics and Automotive Specialty Technicians) and 2) that employee's direct supervisor. Click here to enter their contact information: <http://svy.mk/1fPWLX>

The individuals you nominate will be asked to log in to a website and spend about 15 to 20 minutes rating the importance of various work activities related to the targeted role. This feedback will be compared to what the higher education institutions are currently teaching in order to identify potential gaps in what students are learning today. When the process is complete, you will receive detailed feedback on the changes each institution will be making to incorporate your guidance.

For more details on the process, contact Denise Anderson at 651-789-2950. Thanks in advance for your participation.

## MADA News

# Newslists Bring Info to You

MADA members are invited to subscribe to information feeds that are specific to a job, such as human resources, F&I, parts or financial updates. Our editors review legislative updates, industry reports, legal developments and state news to send just the info you need by email, when you need it.

Dillon Goolsby, MADA's customer outreach coordinator, is contacting dealerships to update your personnel records. You can send your updates to [dillon@mada.org](mailto:dillon@mada.org) or update online at <http://www.mada.org/news/sign-up-for-email-updates>

## FTC Champions Sunday Car Sales in Illinois

The Federal Trade Commission believes car dealers should be allowed to open on Sunday - at least in Illinois. Apparently with too much time on its hands, the huge federal watchdog agency responded to a request from Illinois State Senator Jim Oberweis with a 7-page letter earlier this spring detailing the FTC staff view that consumers are harmed by Sunday closing and any benefit to dealers and their tens of thousands of employees is irrelevant.

After a grueling set of preliminaries setting out the reasons why this federal agency should be sticking its nose into a matter of states' rights, the FTC argues that Sunday closing harms competition.

According to the agency, the anticompetitive effects "likely include:

1. increased consumer search costs that impede comparison shopping;
2. a market that is unresponsive to consumer preferences for hours of operation; and
3. diminished competition among dealers for both automobile sales and a range of related services.

Collectively, these effects may lead to higher prices and reduced output for sales of new and used automobiles and related automobile services than would otherwise be the case."

The FTC then considers and dismisses the positive effects of Sunday closing on dealers and their employees: "Opponents argue that automobile salespeople would have to work seven days a week, and since most workers cannot (or

do not want to) work all seven days, it would be difficult to hire qualified, competent sales staff. In addition, opponents have argued that Sunday bank closings make it difficult or impossible for dealers to complete the financing on an automobile; dealers expect to sell a certain set number of cars per week, regardless of whether they are closed on Sunday, and therefore they can reduce their overhead by being closed on that day; and customers prefer to have one day in which they can look at the available cars without being hounded by salespeople. These arguments directly challenge the value of competition and the competitive process. At best, they may constitute reasons an individual dealership might choose not to open on Sunday, but they are not arguments for why a total ban imposed by the state on all Sunday sales benefits consumers."

What happened to the proposed repeal?

According to the Illinois Automobile Dealers Association, there was little or no support for Senator Oberweis' repeal effort in the Senate Transportation Committee and the bill is unlikely to have a vote this year.

The takeaway for Minnesota dealers is not the content of the FTC letter; it's all standard fare. What's important is that a big national player with lots of credibility and clout is actively working to strip dealers of their most sacrosanct protective statute. Minnesota dealers are still strong at the Minnesota legislature where any Sunday closing repeal must originate. To keep us that way, please stay active in politics and talk to your legislators.

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### Session Ends... *continued from cover*

Committee of Automotive Retailers Political Action Committee (CAR PAC) or the Dealer Election Action Committee (DEAC). Lawmakers have control over many issues that impact the fate of the industry, like attempts to weaken the franchise system and critical pension reform. In order

to be successful with policy, we need to elect candidates who are sympathetic to our positions. Your donations to CAR, PAC and DEAC help facilitate this process. Thanks for your past generosity – and we look forward to having the resources to make a difference in 2014.

# Minnesota Auto Outlook

Released by:  
**Minnesota Automobile  
Dealers Association**

Covering the Minnesota automotive market

Data thru March 2014

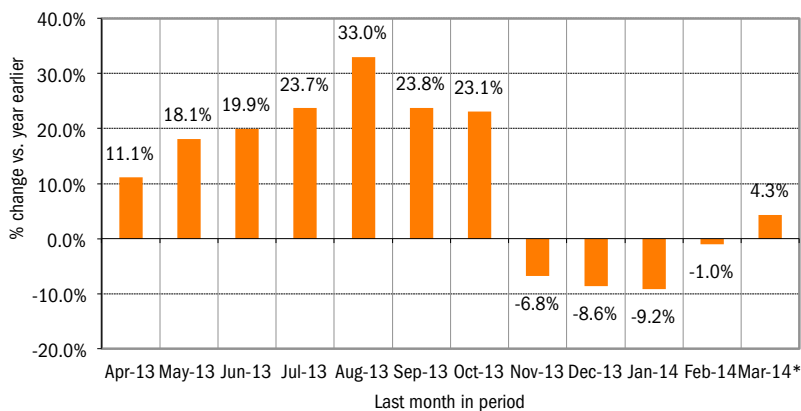
## Minnesota New Retail Car and Light Truck Registrations

	Most Recent Two Months			YTD thru March*			YTD Market Share (thru March)*		
	2/13 & 3/13	2/14 & 3/14*	% change	2013	2014*	% change	2013	2014*	change
	Industry Total	33,406	33,855	1.3%	45,799	47,753	4.3%	40.6	37.0
Cars	13,732	12,926	-5.9%	18,609	17,665	-5.1%	59.4	63.0	3.6
Light Trucks	19,674	20,929	6.4%	27,190	30,088	10.7%	31.2	32.7	1.5
Japanese Brands	10,546	11,075	5.0%	14,312	15,616	9.1%	11.8	11.4	-0.4
Toyota	3,879	3,808	-1.8%	5,414	5,439	0.5%	8.0	8.1	0.1
Honda	2,772	2,722	-1.8%	3,653	3,883	6.3%	5.1	5.8	0.7
Nissan	1,766	2,007	13.6%	2,313	2,783	20.3%	6.4	7.4	1.0
Other	2,129	2,538	19.2%	2,932	3,511	19.7%	55.1	54.8	-0.3
Domestic Brands	18,306	18,394	0.5%	25,250	26,188	3.7%	23.8	22.3	-1.5
General Motors	7,813	7,479	-4.3%	10,907	10,671	-2.2%	20.3	20.2	-0.1
Ford	6,876	6,814	-0.9%	9,303	9,633	3.5%	10.9	12.2	1.3
Chrysler	3,577	4,077	14.0%	4,984	5,842	17.2%	0.1	0.1	0.0
Other	40	24	-40.0%	56	42	-25.0%	6.4	5.8	-0.6
European Brands	2,127	2,058	-3.2%	2,947	2,777	-5.8%	3.1	2.7	-0.4
Volkswagen	1,052	993	-5.6%	1,442	1,313	-8.9%	1.7	1.4	-0.3
BMW	545	490	-10.1%	766	659	-14.0%	0.8	0.9	0.1
Mercedes	259	301	16.2%	366	426	16.4%	0.8	0.8	0.0
Other	271	274	1.1%	373	379	1.6%	7.2	6.6	-0.6
Korean Brands	2,427	2,328	-4.1%	3,290	3,172	-3.6%			

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

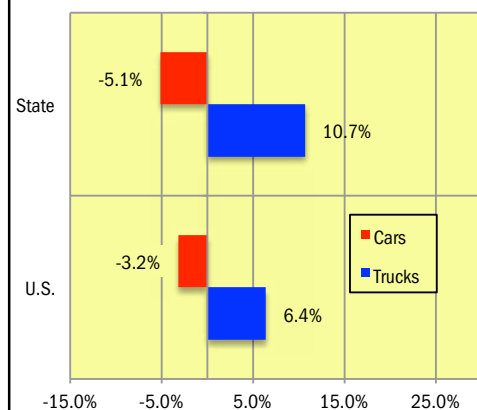
### Percent Change in Three Month Moving Average of New Retail Registrations versus Same Period Year Earlier



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

### Percent Change in State and U.S. New Retail Light Vehicle Markets YTD '14 thru March\* 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 March 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 Mar	YTD '14 thru Mar*	% change	YTD '13 thru Mar	YTD '14 thru Mar*
TOTAL	45,799	47,753	4%		
Acura	282	360	28%	0.6%	0.8%
Audi	298	324	9%	0.7%	0.7%
BMW	599	554	-8%	1.3%	1.2%
Buick	1,000	969	-3%	2.2%	2.0%
Cadillac	346	322	-7%	0.8%	0.7%
Chevrolet	7,723	7,582	-2%	16.9%	15.9%
Chrysler	916	634	-31%	2.0%	1.3%
Dodge	1,609	1,502	-7%	3.5%	3.1%
FIAT	82	79	-4%	0.2%	0.2%
Ford	9,052	9,310	3%	19.8%	19.5%
GMC	1,838	1,797	-2%	4.0%	3.8%
Honda	3,371	3,523	5%	7.4%	7.4%
Hyundai	1,589	1,554	-2%	3.5%	3.3%
Infiniti	204	247	21%	0.4%	0.5%
Jaguar	11	16	45%	0.0%	0.0%
Jeep	1,129	1,972	75%	2.5%	4.1%
Kia	1,701	1,618	-5%	3.7%	3.4%
Land Rover	96	100	4%	0.2%	0.2%
Lexus	463	535	16%	1.0%	1.1%
Lincoln	251	323	29%	0.5%	0.7%
Mazda	901	916	2%	2.0%	1.9%
Mercedes	365	426	17%	0.8%	0.9%
MINI	167	104	-38%	0.4%	0.2%
Mitsubishi	198	419	112%	0.4%	0.9%
Nissan	2,109	2,535	20%	4.6%	5.3%
Other	112	124	11%	0.2%	0.3%
Porsche	40	36	-10%	0.1%	0.1%
Ram	1,330	1,733	30%	2.9%	3.6%
Subaru	1,764	2,128	21%	3.9%	4.5%
Tesla	25	3	-88%	0.1%	0.0%
Toyota	4,951	4,903	-1%	10.8%	10.3%
Volkswagen	1,104	952	-14%	2.4%	2.0%
Volvo	173	153	-12%	0.4%	0.3%

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

\*Figures for March 2014 were estimated by Auto Outlook.

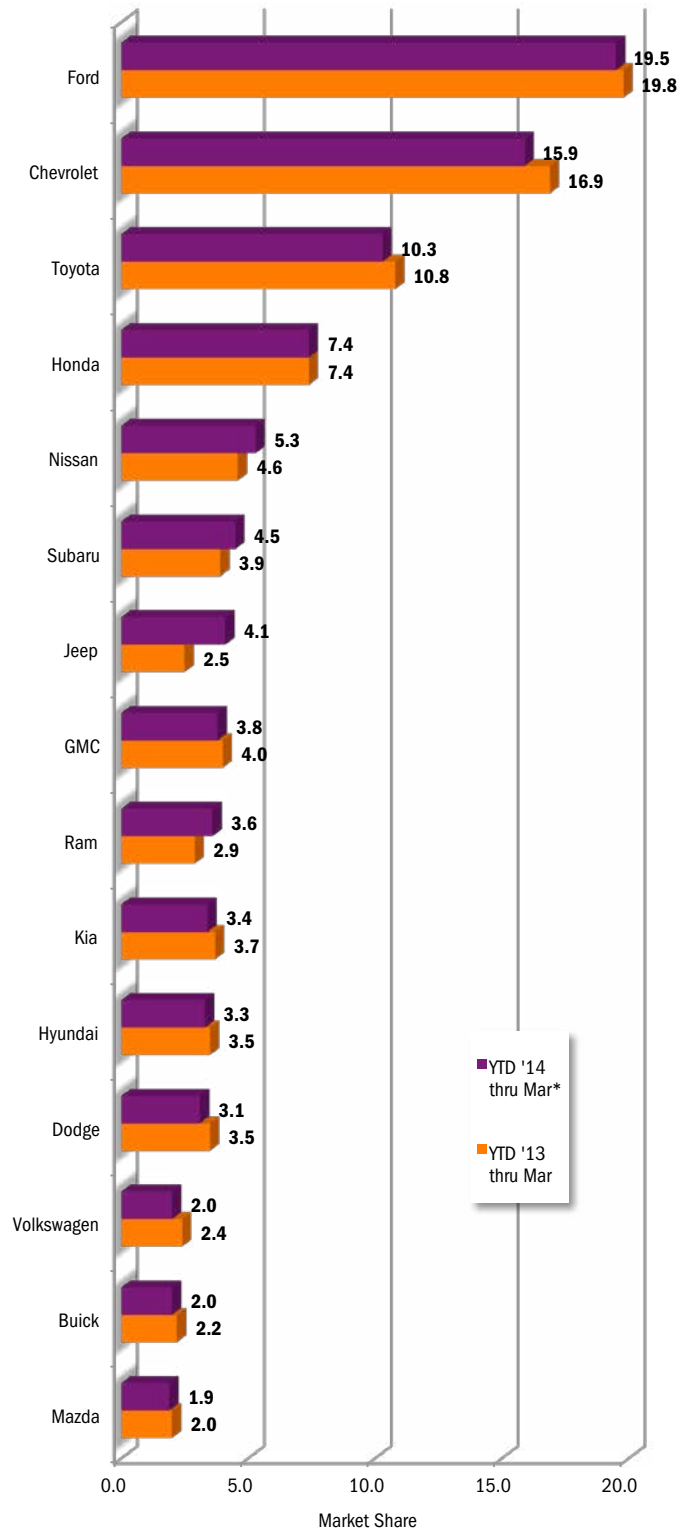
Source: Polk

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



\*Figures for March 2014 were estimated by Auto Outlook.

Source: Polk.

## Member News

**North Star Garage** in Milaca has closed after 80 years in business.

**Motorwerks MINI** has a new facility located at 705 Louisiana Avenue South in Golden Valley.

**Mills Auto Center, Inc.** of Willmar has moved to a new location and will be doing business at 3700 Highway 71 South.

**Clusia Sales & Rental, Inc.** in Grand Rapids has been purchased by **Barry Shear** and will do business under the name of **Tom Clusia Chrysler Dodge Jeep RAM**.

visit us online at  
[www.mada.org](http://www.mada.org)

## C&S News

# 2nd Annual Pheasant Hunt

Mark your calendars for the Council's second annual pheasant hunt, Wednesday, Oct. 8, Wild Wings in Hugo.

Parts Donation – Remember to donate your used or damaged parts to a post-secondary automotive program. Sign up is easy. Just go to [www.mada.org/partsdonationprogram](http://www.mada.org/partsdonationprogram) and complete the brief form.

Shop Lien bill and PartsTrader - watch for MADA's Legislative Update after the close of the session for an update on these and other issues.



“Nobody knows your car better than your dealer” - Promote your shop! Promote dealer repair work! Council members can now order product to display in your showroom, service department and collision center. To place an order or for more information, contact Denise Anderson [denise@mada.org](mailto:denise@mada.org) or 651-789-2950.



Thanks to the Council's annual sponsors:



Workforce Alignment Project – Volunteers Needed!



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CVR*

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*Workers Compensation  
Ensure Agency  
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Ensure Agency*

*Collections  
Springer Collections*

*Check Guarantee/Credit Card Processing  
FIS / Certegy*

*Disability Income Insurance & Section 125  
Cafeteria Plans  
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Services*

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

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



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](http://www.mada.org)

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MADA NEWS ▪ MAY 2014

### Visible Customer Tip

## How does Digital drive auto research and purchasing decisions?

A recent Google study reviewed the clickstream of over 4,000 new vehicle purchasers by tracking them for the six months prior to a vehicle purchase. Digital Drives Auto Shopping, a Google Think Insights report, wanted to answer one question: “How does Digital drive auto research and purchasing decisions?”

The study resulted in five highlights for In-market buyers:

1. Almost three in four are shopping across brands.
2. Averaging 24 touch points, shoppers are researching more than ever.
3. Mobile usage continues to increase annually, with a strong focus on research and comparison activities.
4. Video is increasing in relevance and importance. Video has also become the #1 driver of brand consideration.
5. Customer Experience and dealerships post-sales communication is a major influencer for future purchases.



The full report is here: <http://bit.ly/1stc2xj>



	Class Options	Circle Preferred Date	Location
Unclaimed Property for Dealerships	Unclaimed Property for Dealerships 1:00 p.m. - 3:00 p.m.	June 12, 2014	Holiday Inn 75 S. 37th Ave. St. Cloud, MN 56301
	Unclaimed Property for Dealerships 9:30 a.m. - 11:30 a.m.	June 18, 2014	Doubletree by Hilton - Park Place 1500 Park Place Blvd Minneapolis, MN 55416

	Class Options	Circle Preferred Date	Location
Title Basics	Title Basics – Minneapolis 1:00 p.m. - 3:00 p.m. \$199	July 8, 2014	Doubletree by Hilton - Park Place 1500 Park Place Blvd Minneapolis, MN 55416
	Title Basics – Brainerd 1:00 p.m. - 3:00 p.m. \$199	September 11, 2014	Grand View Lodge 23521 Nokomis Ave Nisswa, MN 56468

	Class Options	Circle Preferred Date	Location
The Certified Title & Registration Program	Sales Tax 9:00 a.m. - 10:00 a.m. \$99	July 8, 2014 September 9, 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	July 8, 2014 September 9, 2014	
	Minnesota Titles and Transfers 1:00 p.m. - 3:00 p.m. \$99	July 8, 2014 September 9, 2014	Registration includes lunch, sponsored by CVR

Name _____	Title _____
Name _____	Title _____
Dealership _____	
Phone _____	E-mail _____