

MADA News

US House Votes to Reject CFPB Auto Finance Guidance

Just before the Thanksgiving break, Democrats and Republicans in the U.S. House of Representatives joined forces to overwhelmingly pass NADA-backed legislation to preserve dealer assisted financing and affordable auto finance options. H.R. 1737, the “Reforming CFPB Indirect Auto Financing Guidance Act,” passed on a 332-96 vote, with 244 Republicans and 88 Democrats voting for the bill, including strong, bipartisan support from the Minnesota’s congressional delegation. MADA would like to thank the following for their votes to pass H.R. 1737: Representatives Tim Walz (DFL-CD1), John Kline (R-CD2), Erik Paulsen (R-CD3), Tom Emmer (R-CD6), Collin Peterson (DFL-CD7) and Rick Nolan (DFL-CD8). Thanks also to the many MADA dealers who took the time to contact their representative and urge support of this important initiative.

H.R. 1737 cancels the CFPB’s flawed 2013 auto finance guidance that attempts to eliminate a dealer’s ability to discount auto financing for consumers. The bill also requires safeguards—such as public participation and transparency—if the CFPB issues new guidance. “The CFPB is clearly trying to eliminate a consumer’s ability to receive a discount on credit in the showroom. It is reasonable for Congress to ask for minimal due process to protect consumers,” said NADA President Peter K. Welch.

With a veto-proof majority in the House, NADA is looking to have a companion bill introduced and passed in the U.S. Senate.



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6 of 8 members of Minnesota’s congressional delegation voted to preserve dealer-assisted financing.

upcoming events

jan 12 Title Basics
Minneapolis

jan 12 Certified Title
Minneapolis

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for details, registration
and a complete list of
Upcoming Events and
Training

NADA News

Dealer Loaners Spared

In a win for dealers, Congress passed legislation on December 3 to ensure that dealers are not regulated the same as large multinational auto rental companies. Under a compromise passed by Congress, only those dealers with an average of 35 or more rental vehicles in their fleet over a calendar year would be required to ground recalled rental vehicles until they are remedied. The Senate version would have applied to dealers with five or more rental or loaner vehicles. NADA commends the efforts of Rep. Roger Williams (R-Texas) who successfully offered an amendment in the House to change the flawed Senate bill.

Significantly, another proposal to ground all used vehicles under recall, even for such minor matters as a sticker peeling off the sun visor, was kept out of the Transportation Bill due to the strong grassroots efforts by dealers.

NADA supports a 100 percent recall completion rate and will continue to fight to ensure franchised auto dealers are not subjected to overly broad legislative efforts on recalls.



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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Legislative News

Special Elections: Two Down, Two to Go

Over the past month, voters in the western suburbs and the northeastern part of the state picked new representatives to serve in two open legislative seats. Peggy Flanagan (DFL-St. Louis Park) was chosen in an uncontested race to succeed Rep. Ryan Winkler (DFL-St. Louis Park), who stepped down when his family was relocated to Belgium. In the Arrowhead region of the state, Koochiching County Commissioner Bill Ecklund (DFL-International Falls) won a three-way race to replace Rep. David Dill (DFL-Crane Lake), who unexpectedly passed away in August after a battle with cancer.

Meanwhile, Governor Dayton has determined the election dates for two more open legislative seats. Both Senate District 35 and House District 50B will hold Special Elections on Tuesday, February 9. However, a special primary will be needed in SD 35, as two Republican candidates, former State Representative Jim Abeler (R-Anoka) and GOP-endorsed Andy Aplikowski will face-off to determine who reaches the general ballot.

House District 50B was just recently added to the roster of Special Election districts. Longtime legislator and former House Tax Chair Ann Lenzcewski (DFL-Bloomington) abruptly resigned her seat in mid-November to take a lobbying position with the firm of Lockridge Grindal Nauen. Candidates seeking to fill the vacant seat include Bloomington City Councilor Andrew Carlson, who will be running as a Democrat, and Realtor and political newcomer Chad Anderson, who will run as the GOP candidate.

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MADA News

Annual Meeting Recap

The Annual Luncheon meeting of MADA did not disappoint members hoping for something memorable. The meeting opened with an appearance by a Donald Trump lookalike and ended with keynote speaker Dave Anderson suggesting that dealers hold their employees more accountable.

In between those opening and closing events, members were treated to the MADA Annual Report; induction of Lagers into MADA's prestigious Half Century Club; videos introducing MADA employees and a new product from Honda; our always popular real-time Interactive Survey; the MADA Foundation Silent Auction, which raised over \$8,000; and a small ceremony honoring MADA's outgoing President Greg House.

The luncheon was sold out again this year and MADA hopes to find a bigger venue for 2016.

Mike Saxon of Inver Grove Ford now takes the helm as MADA President for 2016.



MADA News

Welcome to MADA's New Associate General Counsel



MADA is pleased to welcome Dan Louismet, who joined the team this month as Associate General Counsel. Dan will be working closely with Jim Schutjer, MADA's longtime General Counsel.

Dan has spent the past five years working in civil litigation. He worked for three years at the League of Minnesota Cities where he defended cities against civil claims ranging from ordinary negligence to employee discrimination. For the last two years, Dan has worked as an associate

attorney at a private law firm in Minneapolis. There, Dan advised the Minneapolis Park and Recreation Board on numerous administrative issues, helped negotiate contracts on the Park Board's behalf, and defended the Board in civil suits. In addition, Dan has experience in the areas of employment law and labor law, having advised and represented police officers and various law enforcement bargaining units at arbitration.

In his free time, Dan enjoys golf and spending time with his wife, Molly. Dan and Molly are expecting their first child in January 2016.

Legal News

Social Security Wage Base and Tax Rates for 2016

Time to take notice of the annual payroll adjustments that come with the new year.

The Social Security Administration announced the wage base for social security payroll taxes for calendar year 2015. The following table shows the rates and bases applicable for 2016 and 2015 respectively:

Wage Base	2016	2015	Employee Tax	Employer Tax
Old Age, Survivors, Disability Tax	\$118,500 (No Change)	\$118,500	6.20%	6.20%
Medicare Part A	All Wages No Limits	All Wages No Limits	1.45%	1.45%

Medicare Tax for High Earners Continues in 2016

The 0.9% Medicare Tax which first went into effect in 2013 continues in 2016. Employers are required to withhold the tax on earnings over \$200,000 during each calendar year. Even though an employer's obligation to withhold begins at \$200,000, employees may owe more or less tax depending on their filing status. There's no employer match to this tax.

Current Minimum Wage is \$9.00 and Moves to \$9.50 on Aug. 1, 2016

Minnesota dealers are subject to both State and Federal minimum wage laws and are required to pay the minimum wage most favorable to their employees. Since August 2014, the Minnesota rate has been higher and currently stands at \$9.00 per hour. The minimum wage rate will move to \$9.50 per hour effective Aug. 1, 2016.

For youths who are 17 years old and younger, the minimum wage is \$7.25 per hour and will move up to \$7.75 per hour effective Aug 1, 2016.

The law provides a lower minimum wage for new employees under the age of 20 during the first 90 days of their employment. This temporary youth minimum wage rate is currently \$7.25 per hour and moves to \$7.75 per hour effective Aug. 1, 2016.

Vehicle Old-Age Exemptions

Minnesota Used Car Warranty Law A variety of exclusions are provided in Minnesota's Used Car Warranty Law, including one for "vehicles that are eight years of age or older as calculated from the first day in January of the designated model year of the vehicle." On Jan. 1, 2016, model year 2008 vehicles turn eight years old and are exempt from the law.

Minnesota Used Car Damage Disclosure and Branding Laws These laws only apply to vehicles that have a "manufacturer's designated model year equal to or greater than the fifth calendar year immediately preceding the current calendar year." On Jan. 1, 2016, model year 2011 and newer vehicles will be covered. 2010 and older will be exempt.

Odometer Disclosure Requirements The Federal Odometer Regulations contain an exemption from the disclosure requirements for vehicles that are 10 years old or older. The Minnesota Department of Public Safety administers the exemption on a calendar year basis. Effective Jan. 1, 2016, model year 2006 vehicles turn 10 years old and will be exempt.

Minnesota Auto Outlook

Released by:
**Minnesota Automobile
Dealers Association**

Covering the Minnesota automotive market

Data thru October 2015

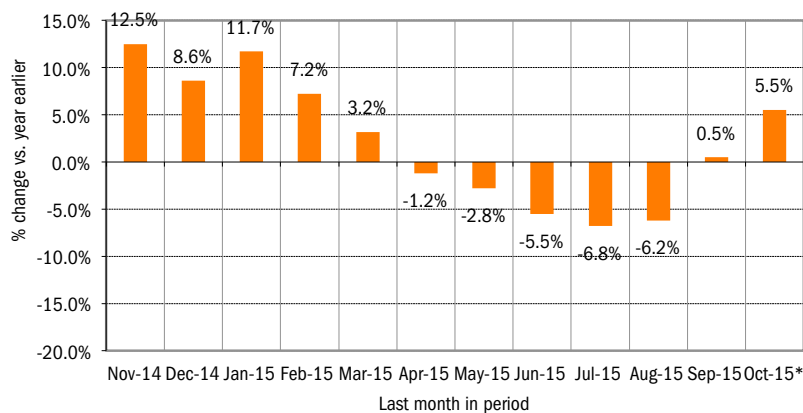
Minnesota New Retail Car and Light Truck Registrations

	Most Recent Two Months			YTD thru Oct.*			YTD Market share (thru Oct. *)		
	9/14 & 10/14	9/15 & 10/15*	% change	2014	2015	% change	2014	2015	change
	Industry Total	34,903	36,825	5.5%	174,697	174,957	0.1%	37.4	34.0
Cars	12,023	11,353	-5.6%	65,362	59,433	-9.1%	62.6	66.0	3.4
Light Trucks	22,880	25,472	11.3%	109,335	115,524	5.7%	35.1	34.5	-0.6
Japanese Brands	12,622	12,892	2.1%	61,327	60,400	-1.5%	12.7	12.2	-0.5
Toyota	4,421	4,383	-0.9%	22,101	21,269	-3.8%	9.4	9.1	-0.3
Honda	3,333	3,601	8.0%	16,374	15,916	-2.8%	5.3	5.4	0.1
Nissan	1,924	1,978	2.8%	9,254	9,449	2.1%	7.8	7.9	0.1
Other	2,944	2,930	-0.5%	13,598	13,766	1.2%	52.5	53.7	1.2
Domestic Brands	18,271	19,750	8.1%	91,666	93,879	2.4%	21.2	22.5	1.3
General Motors	7,564	8,225	8.7%	37,081	39,444	6.4%	18.2	18.1	-0.1
Ford	6,182	6,618	7.1%	31,717	31,714	0.0%	13.0	12.9	-0.1
Chrysler	4,505	4,872	8.1%	22,712	22,517	-0.9%	0.1	0.1	0.0
Other	20	35	75.0%	156	204	30.8%	6.1	5.7	-0.4
European Brands	1,999	2,077	3.9%	10,573	9,994	-5.5%	2.9	2.8	-0.1
Volkswagen	983	1,004	2.1%	5,150	4,828	-6.3%	1.5	1.2	-0.3
BMW	471	338	-28.2%	2,571	2,152	-16.3%	1.0	1.0	0.0
Mercedes	344	394	14.5%	1,736	1,668	-3.9%	0.6	0.8	0.2
Other	201	341	69.7%	1,116	1,346	20.6%	6.4	6.1	-0.3
Korean Brands	2,011	2,106	4.7%	11,131	10,684	-4.0%			

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 October 2015 were estimated by Auto Outlook. Data Source: IHS Automotive.

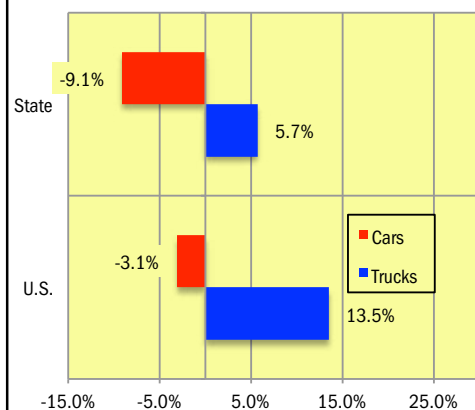
Percent Change in Three Month Moving Average of New Retail Registrations versus Same Period Year Earlier



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 October 2015 were estimated by Auto Outlook. Data Source: IHS Automotive.

Percent Change in State and U.S. New Retail Light Vehicle Markets YTD '15 thru October* vs. YTD 14



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

*Figures for October 2015 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 '14 thru Oct.	YTD '15 thru Oct.*	% change	YTD '14 thru Oct.	YTD '15 thru Oct.*
TOTAL	174,697	174,957	0%		
Acura	1,327	1,229	-7%	0.8%	0.7%
Audi	1,447	1,407	-3%	0.8%	0.8%
BMW	2,129	1,844	-13%	1.2%	1.1%
Buick	3,344	3,292	-2%	1.9%	1.9%
Cadillac	1,211	1,087	-10%	0.7%	0.6%
Chevrolet	26,107	27,983	7%	14.9%	16.0%
Chrysler	2,908	3,258	12%	1.7%	1.9%
Dodge	5,940	4,715	-21%	3.4%	2.7%
FIAT	223	178	-20%	0.1%	0.1%
Ford	30,812	30,784	0%	17.6%	17.6%
GMC	6,419	7,067	10%	3.7%	4.0%
Honda	15,047	14,671	-2%	8.6%	8.4%
Hyundai	5,162	4,980	-4%	3.0%	2.8%
Infiniti	715	667	-7%	0.4%	0.4%
Jaguar	52	54	4%	0.0%	0.0%
Jeep	7,644	8,123	6%	4.4%	4.6%
Kia	5,969	5,685	-5%	3.4%	3.2%
Land Rover	271	416	54%	0.2%	0.2%
Lexus	1,918	2,007	5%	1.1%	1.1%
Lincoln	905	917	1%	0.5%	0.5%
Mazda	3,753	3,780	1%	2.1%	2.2%
Mercedes	1,709	1,672	-2%	1.0%	1.0%
MINI	442	358	-19%	0.3%	0.2%
Mitsubishi	1,810	1,613	-11%	1.0%	0.9%
Nissan	8,539	8,781	3%	4.9%	5.0%
Other	173	136	-21%	0.1%	0.1%
Porsche	237	238	0%	0.1%	0.1%
Ram	6,220	6,414	3%	3.6%	3.7%
Subaru	8,027	8,391	5%	4.6%	4.8%
Tesla	73	158	116%	0.0%	0.1%
Toyota	20,183	19,251	-5%	11.6%	11.0%
Volkswagen	3,466	3,187	-8%	2.0%	1.8%
Volvo	515	614	19%	0.3%	0.4%

Data source: IHS Automotive.

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

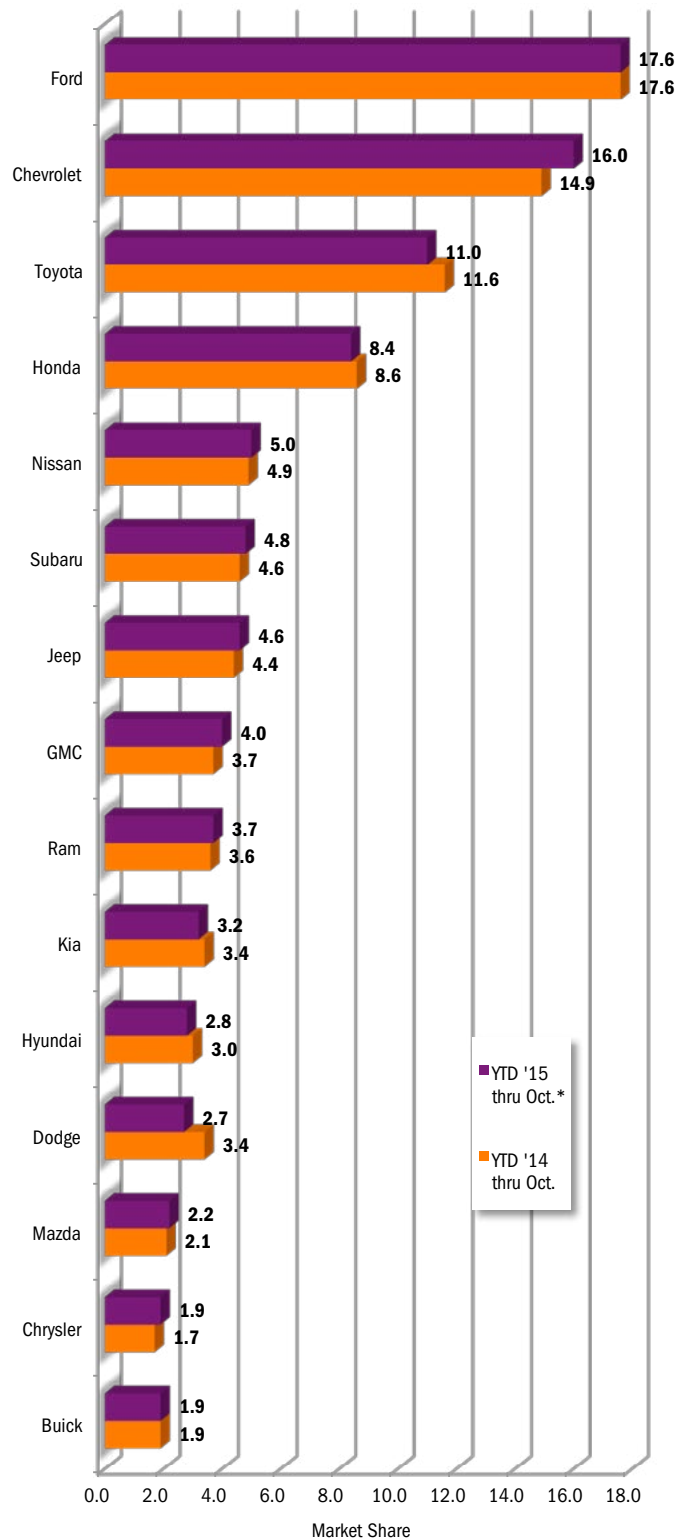
*Figures for October 2015 were estimated by Auto Outlook.

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



Data source: IHS Automotive.

*Figures for October 2015 were estimated by Auto Outlook.

Member News

Congratulations to **Lee Motor Company** in Dawson. They are celebrating 85 years in business! **Arthur Lee** started the Ford business in 1930. Currently, his son, **Robert Lee** and grandsons, **John** and **Daniel**, are operating the business.

David Fankhanel, former owner of **Dave Walters, Inc.** in Bemidji has passed away. His son, **Jim**, is the current owner of the dealership now known as **Bemidji Chrysler Center**.



Service, Parts & Collision Council

Council News

Council Changes Name to Service, Parts & Collision Council

With the blessing of the Automotive Dealer Parts Association (ADPA), the MADA Collision and Service Council has changed its name to the MADA Service, Parts & Collision Council. The change is more representative of who the Council is and what it's about. Launching just three years ago, it has become apparent that the initiatives, programs and goals of the Council encompass all of dealership fixed operations - collision, service and parts. And with Council membership almost equal amongst each entity, it was also time for the name to reflect the membership.

And speaking of membership, the Council is in the process of renewing existing memberships and soliciting new applications for the 2016 year. If your fixed operations managers are not members of the Council, please consider joining the other 225 members who see the advantage of belonging and want to make a difference and advance the industry. Please contact denise@mada.org. For existing Council members, your membership will automatically renew on January 1, 2016.

Thank you to everyone who has supported the Council as we continue to build one of the most unique dealership organizations in the country.

"Nobody knows your car better than your dealer."



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 ■ December 2015

FAQ

Q: I heard we'll need our customer's insurance information in order to complete the title application. What's going on?

A: Effective January 1, 2016, Minnesota DVS is required to collect no-fault insurance information on applications for title, registration and re-registration.

The customer's insurance company name, policy number and policy expiration date will be required to complete the title application.

The title application form has been updated to accommodate the collection of insurance information. However, dealers may use up their existing supply of title applications and handwrite the insurance information in a blank space. Similarly, dealers may handwrite the insurance information on existing Minnesota titles if they're used as the title application. It's also acceptable to submit a photocopy of the customer's vehicle insurance card along with the transfer.