



Legislative News

MADA in the Legislative Mix

At the session's halfway point, MADA is engaged in multiple issues on behalf of our dealer members. Already, your MADA lobbyist has testified nine times in House or Senate committees to convey the impact of various initiatives. Most proposals are in the pipeline, other than the bill passed to repeal last session's ill-advised business-to-business taxes on repairs and warehousing. Here's a quick rundown of MADA's top bills, several of which are in response to recent decisions made by the Dayton Administration:

Biodiesel: This past fall, the Dayton

Administration acted to increase the mandated proportion of biodiesel in diesel sold in the state to 10% on July 1, 2014. MADA is leading a coalition to postpone the increase to 10% biodiesel while impacts on consumers are considered. The majority of vehicles on the road and in dealer lots are not designed to operate at levels higher than 5% biodiesel.

Bulk Data: The Minnesota Department of Public Safety's (DPS) decision to stop bulk data sales came as a surprise to Minnesota dealers. The aggregated data is used in this newsletter's Minnesota Auto Outlook and by manufacturers contacting customers about motor vehicle safety recalls. Legislation to allow continued sale of bulk data and authorize a study of the consequences is moving through the process.

(DPS) decision to stop bulk data sales came as a surprise to Minnesota dealers



MADA Lobbyist Amber Backhaus, foreground, testifies in The Senate Commerce Committee on consumers issues related to B10

State Vendor

Requirements: Department of Administration (Admin) policy requires state vendors' workers comp insurance companies to carry reserves of \$50-\$100 million; our dealerships' local insurer carries \$25-\$50

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ERISA Report Guides

Fraudsters get \$9 million penalty

Trash to Treasure

C&S Auto Show Reception

upcoming events

apr 10 Title Basics Brainerd

may 13 Title Basics Minneapolis

may 13 Certified Title

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

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Legislative Mix... *continued from cover*

To address MADA's concern that more dealers are eligible to bid on state contracts, House Chair Mike Nelson (DFL-Brooklyn Park) inserted language in an agency bill. Also, Admin Commissioner Spencer Cronk and other officials within the executive branch have asked the agency to find solutions.

Shop Lien Law Updates: Sherrif's sales—a time consuming and expensive process—is the only response currently available to dealers who become lienholders due to unpaid vehicle repairs or unclaimed tows. MADA's bill would allow licensed dealers with a lien interest to sell the vehicle in the ordinary course of business after notice is provided by certified mail.

PartsTrader: State Farm Insurance's online parts bidding system has frustrated many parts and repair centers. House Commerce Chair Joe Atkins (DFL-Inver Grove Heights) is working with MADA and the Alliance of Automotive Service Providers, Minnesota (AASP-MN) on ways to separate these online parts ordering systems from the insurance companies' referrals of collision and auto repair shops to their policyholders.

Lead Wheel Weights: The state's Pollution Control Agency (MPCA) is pushing a bill to ban the use of wheel weights and tire balancing equipment made of lead. MADA requests the MPCA to conduct an education and outreach campaign about alternative products prior to the ban, as has been the case in six other states with bans on the books. So far, the agency is obliging.

Sunday Sales: Bills to allow Sunday liquor sales have not met committee deadlines. Senate Author Roger Reinert (DFL-Duluth) recently acknowledged he does not have the votes to pass the bill this year.

Need More? All MADA members are eligible to subscribe to the Legislative Bulletin, an insightful e-newsletter published frequently during the session. To sign up for the emailed Bulletin, go to <http://bit.ly/1fli2Pp>

visit us online at
www.mada.org

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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CSC News

C&S Members Gather for 2nd Auto Show Reception

Members of the Council gathered at the Twin Cities Auto Show for a private reception before the show opened to the public. Members and vendors had the opportunity to tour the show and enjoy conversation and refreshments, sponsored by LubeTech, ComplyNet, Pro-Paint, PPG, Axalta, and G & K Services.



Legal News

Phoney FairGuide Hit with \$9 Million Fine

As regular as clockwork, the auto show season would bring out the fraudsters from FairGuide. This European-based phony directory service preyed on dealers for years.

The FTC announced this month that a federal court has banned the FairGuide operation from the online directory business and entered a \$9 million judgment against them.

According to the FTC complaint, FairGuide sent mailings to small retailers, home-based businesses,

local associations, and others who host exhibits at trade shows. The mailings were falsely linked to a trade show the recipients had attended or planned to attend, to trick them into thinking they needed to confirm or update their contact information for the trade show. Many did not notice a statement, buried in fine print at the bottom of the form, that by signing and returning the form they were agreeing to pay an annual listing fee of \$1,717.

Hopefully, this is the end of FairGuide.

The Battle Over Flats Continues

The Consumer Finance Protection Bureau continues to draw fire from Congress and the National Automobile Dealers Association for failing to disclose the “disparate impact” methodology the Bureau used to demand structural changes to the retail automobile finance industry.

On March 7, 2014, the House Financial Services Committee sent the Bureau Director, Richard Cordray, a strongly worded letter demanding answers to a list of questions concerning its methodology for alleging that minorities are paying more for vehicle financing. The CFPB was to respond by March 13th. When this MADA Newsletter went to press, no response had been sent.

The congressional committee has the authority to issue a subpoena to compel an answer.

NADA is suggesting alternatives to the Bureau’s demands for non-discretionary flat fees to compensate dealers for originating financing. The NADA approach is described in a “Fair Credit Compliance Policy & Program” which which was sent sent to all NADA members earlier this year and is freely available.

The NADA Compliance Program is voluntary. Dealers are not required to take action. However, NADA wants to help dealers develop a program that should prevent “disparate impact” discrimination from occurring at their stores.

NADA is conducting a free webinar describing the Fair Credit Program on Wednesday, April 2. Registration information is available at nada.org.

Arkansas Dealer Ignores FTC Warning

The Federal Trade Commission charged an Arkansas used car dealer, Abernathy Motor Company, and its two principals, with failing to display a “Buyers Guide” on used vehicles offered for sale.

The FTC had previously warned Abernathy and 10 other used car stores in the same town back in January 2013.

The FTC Complaint announced on March 14th alleges that 71 of 78 used vehicles at two of Abernathy’s locations failed to display Buyers Guides when the FTC made a follow up visit in May, 2013.

Each violation could result in a civil penalty of up to \$16,000.



ERISA Reporting Requirements

2014 Health Plan Compliance Checklist

The Employee Retirement Income Security Act of 1974 (ERISA) ushered in significant reporting and communication requirements for employers who sponsor employee benefit plans. These requirements have become more complex as new laws pile on. Employers often ask about their reporting responsibilities for employee benefit plans. Questions include:

- What reports must be filed?
- Who must receive the reports?
- When must the reports be provided?

Reporting requirements often vary, depending on the number of employees at a business or the number of participants in a plan. Because filing requirements can vary, employers should consult with their legal and/or employee benefits advisor concerning their specific obligations.

Summary Plan Description (SPD) Participants must receive an SPD within 90 days of becoming covered by the Plan. If changes have been made to Plan benefits, updated SPDs must be provided at least every five (5) years; otherwise at least every ten (10) years.

Summary of Benefits and Coverage (SBC) This document summarizes the benefits provided by a health plan. The insurance issuer or plan administrator must provide the SBC to participants with respect to each benefit package offered by the employer for which the participant is eligible (1) upon initial eligibility for coverage, (2) no later than 30 days prior to the first day of a new plan, and (3) within seven business days of a request by the participant.

Form 5500 Smaller employers (those with fewer than 100 plan participants) are exempt from filing this form with the Department of Labor.

Summary Annual Report Employers who are exempt from filing Form 5500 are also exempt from this narrative statement describing the Form 5500 information.

Health Insurance Portability and Accountability Act (HIPAA) Employers of any size must provide a Certificate of Credible Coverage to participants who lose their group health coverage or otherwise become eligible for COBRA.

Privacy Rule HIPAA requires certain notices and disclosures of a Plan on issuer's privacy policies and notification following the breach of unsecured Private Health Information (PHI).

Notice of Preexisting Condition Exclusions – Plans and issuers of group health insurance must provide a general notice of preexisting condition limitations during open enrollment or as soon as possible following a request for enrollment.

Medicare Part D Notification Any employer with participants eligible for Medicare Part D (prescription drug coverage) must provide those individuals with a disclosure notice specifying if the dealer's health plan provides "credible" or "non-credible" prescription drug benefits.

Genetic Information Nondiscrimination Act All employer health insurance plans, regardless of size, may not discriminate against an individual based upon genetic information. There is no specific reporting requirement.

Family and Medical Leave Act Employers with 50 or more employees during a period of 20 or more workweeks of the prior calendar year are subject to FMLA requirements. FMLA provides job protection during specific types of leaves and employers must post a general FMLA notice where it can be easily seen by employees.

Women's Health and Cancer Rights Group health plans and their insurance companies must furnish a written description of the benefits that WHCRA requires upon enrollment in the plan and annually thereafter.

This list is not all inclusive but intended to provide a general overview of reporting requirements for employer sponsored benefit plans. MADA Insurance Inc. coordinates much of the reporting and disclosure requirements for dealers participating in the MADA Insurance benefit plans. If you have questions regarding this information feel free to call MADA Insurance Inc.

Minnesota Auto Outlook

Released by:
**Minnesota Automobile
Dealers Association**

Covering the Minnesota automotive market

Data thru January 2014

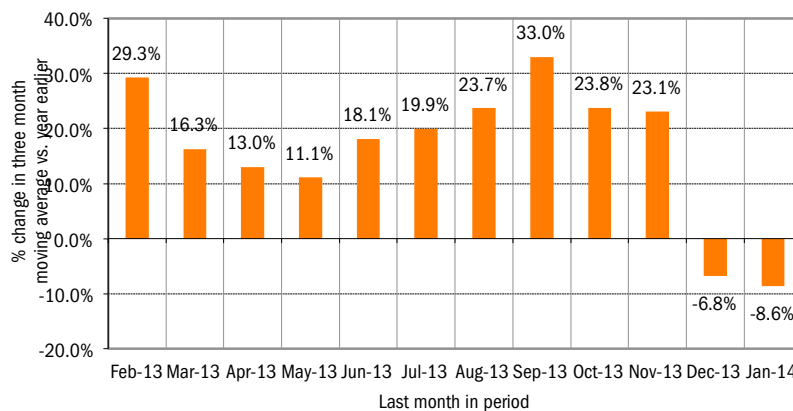
Minnesota New Retail Car and Light Truck Registrations

	Most Recent Two Months			Annual			Annual Market Share		
	12/12 & 1/13	12/13 & 1/14*	% change	2012	2013	% change	2012	2013	change
	Industry Total	32,319	31,212	-3.4%	183,863	203,604	10.7%	42.3	40.6
Cars	12,106	10,783	-10.9%	77,695	82,754	6.5%	57.7	59.4	1.7
Light Trucks	20,213	20,429	1.1%	106,168	120,850	13.8%	32.5	33.8	1.3
Japanese Brands	9,885	9,984	1.0%	59,802	68,899	15.2%	12.7	12.9	0.2
Toyota	3,832	3,741	-2.4%	23,386	26,222	12.1%	9.2	9.2	0.0
Honda	2,627	2,523	-4.0%	16,860	18,726	11.1%	4.9	5.2	0.3
Nissan	1,399	1,611	15.2%	9,044	10,551	16.7%	5.7	6.6	0.9
Other	2,027	2,109	4.0%	10,512	13,400	27.5%	52.2	52.4	0.2
Domestic Brands	17,932	17,259	-3.8%	95,940	106,601	11.1%	22.1	22.1	0.0
General Motors	7,836	7,290	-7.0%	40,642	44,927	10.5%	19.1	19.3	0.2
Ford	6,464	6,144	-5.0%	35,031	39,335	12.3%	11.0	10.9	-0.1
Chrysler	3,597	3,777	5.0%	20,167	22,134	9.8%	0.1	0.1	0.0
Other	35	48	37.1%	100	205	105.0%	7.1	6.7	-0.4
European Brands	2,259	2,021	-10.5%	13,138	13,726	4.5%	3.7	3.3	-0.4
Volkswagen	1,099	877	-20.2%	6,860	6,666	-2.8%	1.5	1.7	0.2
BMW	507	563	11.0%	2,831	3,444	21.7%	1.0	1.0	0.0
Mercedes	372	345	-7.3%	1,832	2,009	9.7%	0.9	0.8	-0.1
Other	281	236	-16.0%	1,615	1,607	-0.5%	8.1	7.1	-1.0
Korean Brands	2,243	1,948	-13.2%	14,983	14,378	-4.0%			

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

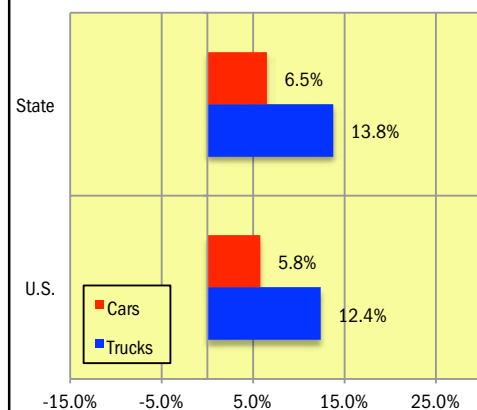
Percent Change in Three Month Moving Average of New Retail Registrations versus Same Period Year Earlier



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

Percent Change in State and U.S. New Retail Light Vehicle Markets 2013 vs. 2012



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

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	
	2012	2013	% change	2012	2013
	Annual	Annual		Annual	Annual
TOTAL	183,863	203,604	11%		
Acura	1,350	1,606	19%	0.7%	0.8%
Audi	1,366	1,498	10%	0.7%	0.7%
BMW	2,231	2,736	23%	1.2%	1.3%
Buick	3,390	4,005	18%	1.8%	2.0%
Cadillac	1,344	1,612	20%	0.7%	0.8%
Chevrolet	29,123	31,849	9%	15.8%	15.6%
Chrysler	4,390	3,792	-14%	2.4%	1.9%
Dodge	5,408	6,544	21%	2.9%	3.2%
FIAT	317	304	-4%	0.2%	0.1%
Ford	33,904	38,207	13%	18.4%	18.8%
GMC	6,785	7,461	10%	3.7%	3.7%
Honda	15,510	17,120	10%	8.4%	8.4%
Hyundai	6,982	6,821	-2%	3.8%	3.4%
Infiniti	845	884	5%	0.5%	0.4%
Jaguar	34	57	68%	0.0%	0.0%
Jeep	5,343	5,707	7%	2.9%	2.8%
Kia	8,001	7,557	-6%	4.4%	3.7%
Land Rover	339	386	14%	0.2%	0.2%
Lexus	1,985	2,188	10%	1.1%	1.1%
Lincoln	1,127	1,128	0%	0.6%	0.6%
Mazda	3,484	4,212	21%	1.9%	2.1%
Mercedes	1,810	1,982	10%	1.0%	1.0%
MINI	600	708	18%	0.3%	0.3%
Mitsubishi	638	1,155	81%	0.3%	0.6%
Nissan	8,199	9,667	18%	4.5%	4.7%
Other	522	263	-50%	0.3%	0.1%
Porsche	181	219	21%	0.1%	0.1%
Ram	5,026	6,091	21%	2.7%	3.0%
Subaru	6,085	7,944	31%	3.3%	3.9%
Tesla	9	109	0.0%	0.0%	0.1%
Toyota	21,401	24,034	12%	11.6%	11.8%
Volkswagen	5,313	4,949	-7%	2.9%	2.4%
Volvo	821	809	-1%	0.4%	0.4%

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

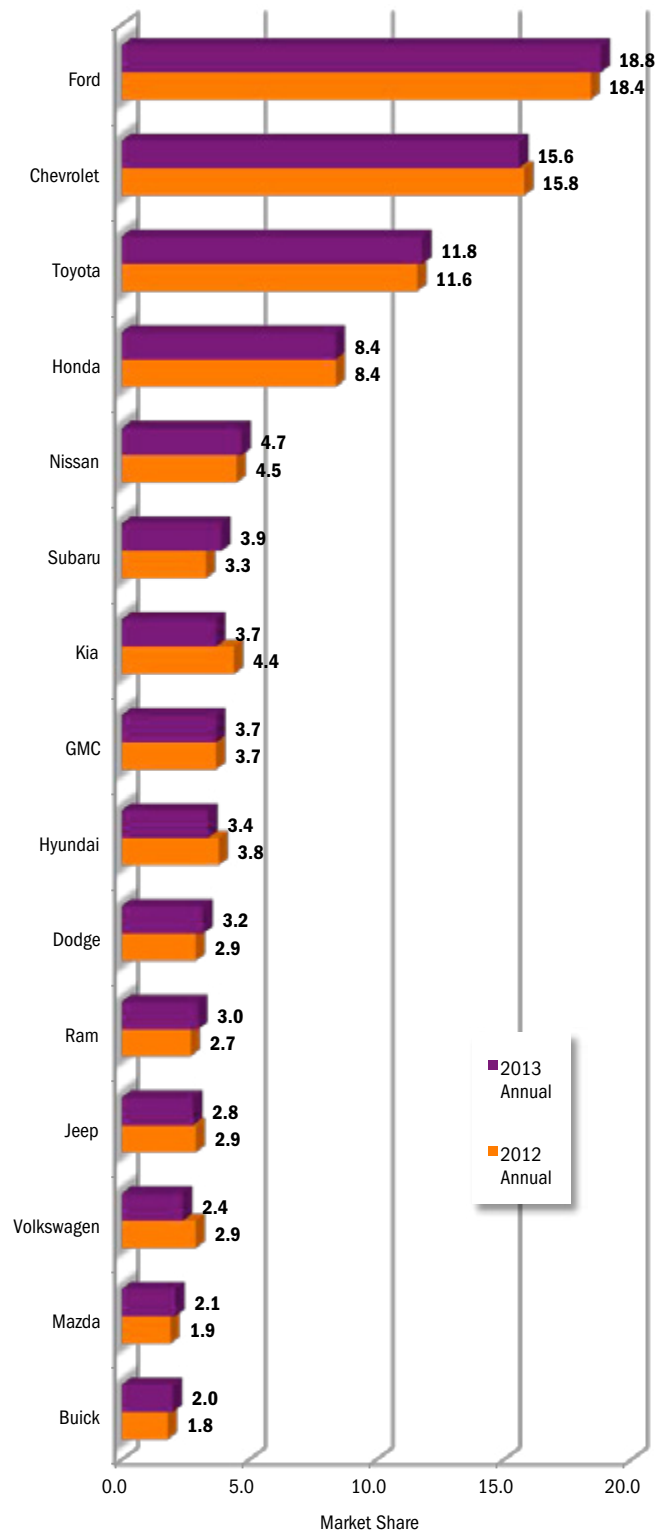
Source: Polk

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State Market Share for Top 15 Selling Brands
2013 vs. 2012



Source: Polk.

Member News

Allen Mahowald has passed away. Allen was the owner of **Mahowald Motors** in New Prague. He has served as **President of MADA** and was the honored recipient of the **Time Quality Dealer of the Year** award.

Orv Skordahl has passed away. Orv's thirty year career with **General Motors** was followed by his second career with the **Minneapolis Auto Auction**.

Steve Johnson, Zumbrota Ford, was named **2014 Dealer of the Year** in Minnesota by the **Ford Motor Company**.

Walsler Chevrolet in Owatonna has moved to a new location at 3700 Frontage Road West. The new GM is **Bob Ebert**.

Joel and Tom Krusemark have moved **Morris Auto Plaza** to Alexandria and will do business as **Diamond Buick GMC Alexandria**. The new location is 5803 State Hwy 29 South.

Congratulations to **Grover Auto Company**, Zumbrota, for fifty years in the auto industry. The business is currently being run by the fourth and fifth generations of family members; **Brad and Gary Grover** and **Jim and Brent Syverson**.



CSC News

Trash to Treasure



MADA's Collision & Service Council has teamed up with the Collision Repair Education Foundation to implement a parts donation program, and it's off to a great start.

In less than one month after the launch, the Council's first donation came from Lupient Kia with \$60,000 worth of parts to the Hennepin Technical College

Collision program. It took eight truckloads to deliver all the parts, coordinated by Marty Van Reese, parts manager, Lupient Kia Brooklyn Park.

Each year, dealerships scrap millions of dollars worth of parts. With advanced technologies and materials used in today's (and future) vehicles, our industry will require a well-trained skilled workforce to repair them safely, efficiently and to vehicle manufacturer safety standards. But with tight school budgets, programs like collision repair bear the brunt of funding cuts and often are left to practice on severely aged vehicles. So why not donate your newer parts to a worthy cause? This program helps the schools get the parts they need, your dealership receives a tax deduction, our dealer members are connected to schools for employee recruitment, and the industry produces a better trained workforce because students can practice proper collision repair techniques on parts they will most likely see upon entering the industry.

Signing up for the Trash-to-Treasure program is easy. Go to www.mada.org/parts donation program and complete the online registration form. If you have any questions, please contact Denise Anderson, denise@mada.org or 651-789-2950.



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ComplyNet Corporation

Fleet Fueling Program
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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 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

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