

Legislative News

New DVS Fees Effective August 1 *Tech Surcharge and Increased Filing Fees Coming*

To help pay for the new VTRS system and its ongoing operations, as well as compensate Deputy Registrars for the additional work they are now doing, the Legislature passed new fees on motor vehicle transactions.

Effective August 1, 2019, there will be a new \$2.25 technology surcharge added to registration renewals (not new-to-fleet registrations), title applications, and duplicate title requests. If a transaction includes both a title transfer and registration, dealers will need to collect \$4.50 from their customers.

The second fee change effective August 1, is a \$1 increase in filing fees on motor vehicle transactions, meaning title applications and all other vehicle transactions will go from \$10 to \$11.

Please note: the MNLARS software will include these fees in release 1.16.1, expected on July 28, 2019. The tech surcharge and filing fee increase are applied at the time the transaction paperwork is processed by the Deputy Registrar, not at the date of sale. For example, if a vehicle is sold on July 30 and the paperwork is submitted to the Deputy Registrar on August 1, you will need to collect and submit the tech surcharge and increased filing fee.

A second set of fee increases - on license plates and duplicate stickers - was also passed during the 2019 Session to help offset the state's costs of license plate production. These fees are expected to be applied in early- to mid-September due to the extra MNLARS programming required to implement them. A schedule of the increases can be found at <http://bit.ly/DVSfeechange>.

**More resources are needed
to pay for the MNLARS
replacement, VTRS.**

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New Wage Theft Law

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Manufacturer Recommendations
vs. Requirements

upcoming events

aug 13 Title Basics
West St. Paul

sep 10 Service Advisor Pro
West St. Paul

sep 18 Shop Talk: How to
Maximize Your Warranty
Reimbursement
Brooklyn Park

sep 19 Certified Title and
Registration
West St. Paul

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

Legal News

"Suggestions" disguised as "Requirements"

MADA recently received a report from a dealer that could not make heads or tails of their manufacturer's IT security protocols. Specifically, the dealer was getting the run-around on receiving a straight answer to the question: was this a requirement or a recommendation? The issue boiled down to whether a relatively small dealer in greater Minnesota really needed a highly sophisticated, and very expensive, computer and internet security system that would rival what you might find in a large corporation. The answer, after some back and forth with the manufacturer and a great deal of frustration suffered by the dealer, was that these IT requirements were merely "suggestions."

The moral of the story is that dealers should pay careful attention to whether the manufacturer is requiring or merely strongly suggesting that something be done before they spend any money on IT upgrades or other dealership improvements. Oftentimes suggestions are disguised as requirements which can result in a dealership buying, and spending, much more than is necessary, or even required.



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

Legal News

New Wage Theft Law

The Minnesota Legislature recently passed a new Wage Theft Law. The new law amends existing state labor laws and provides for new wage and hour requirements, protections, and sanctions. All new provisions, except for those making "wage theft" a criminal offense, went into effect July 1, 2019. The provisions providing for criminal wage theft and sanctions go into effect Aug. 1, 2019.

There are several changes to the law that may impact your dealership's operations, so dealers are encouraged to read-through the resources provided below. Key highlights of the new law include:

1. Commissions earned must be paid at least once every three months and on a regular payday.
2. Employers must provide employees with a written notice of several policies and terms of employment at the start of their employment. These terms include the rate and manner of pay, how vacation and sick time is accrued, and exempt/non-exempt status, to name just a few. A sample notice provided by the state can be found <http://bit.ly/MADAwtl>. Although not required by law, the MN Department of Labor "strongly encourages employers to provide the written notice that includes the information required under the new law to all of their current employees when the new law goes into effect." The law does require notice to be given to current employees if there are changes to the information or employment terms required to be given to new employees under the new law.
3. In addition to the current recordkeeping requirements, employers must also keep records of hours worked for piece-rate workers, a list of policies provided to the employee including the dates given, and a signed copy of the written notice previously discussed.
4. Employers who, with an intent to defraud, fail to pay an employee the wages they are entitled to under the law are subject to various criminal penalties including significant fines and imprisonment.

If you have additional questions, please contact

Wage Theft... continued on pg 7

Minnesota Auto Outlook

Covering the Minnesota automotive market

Data thru May 2019

Released by:
Minnesota Automobile
Dealers Association

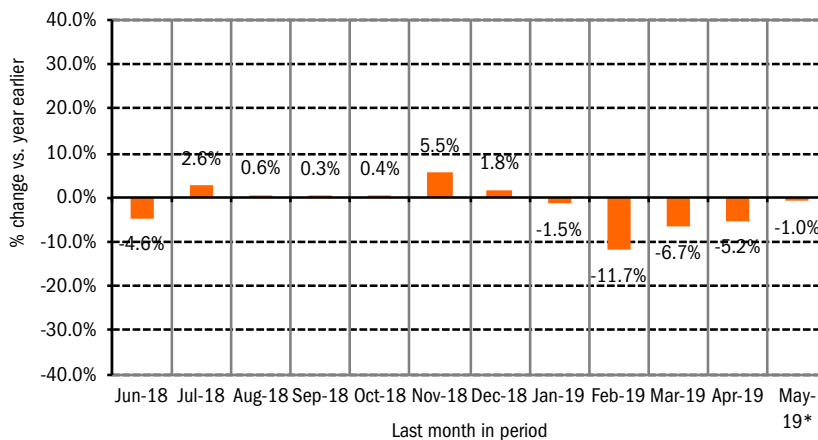
Minnesota New Retail Car and Light Truck Registrations

	Most Recent Two Months*			YTD thru May			YTD Market Share		
	4/18 & 5/18	4/19 & 5/19*	% change	YTD '18	YTD '19*	% change	2018	2019	change
Industry Total	37,124	37,211	0.2%	84,651	81,546	-3.7%			
Cars	7,685	6,556	-14.7%	17,396	14,217	-18.3%	20.6	17.4	-3.2
Light Trucks	29,439	30,655	4.1%	67,255	67,329	0.1%	79.4	82.6	3.2
Japanese Brands	12,755	12,654	-0.8%	29,229	27,565	-5.7%	34.5	33.8	-0.7
Honda	3,566	3,507	-1.7%	7,910	7,754	-2.0%	9.3	9.5	0.2
Nissan	1,452	1,452	0.0%	3,686	3,306	-10.3%	4.4	4.1	-0.3
Toyota	4,305	4,256	-1.1%	9,739	8,655	-11.1%	11.5	10.6	-0.9
Other	3,432	3,439	0.2%	7,894	7,850	-0.6%	9.3	9.6	0.3
Domestic Brands	19,804	19,958	0.8%	44,832	43,916	-2.0%	53.0	53.9	0.9
FCA (excl. FIAT)	5,651	5,973	5.7%	12,292	12,900	4.9%	14.5	15.8	1.3
Ford	6,141	5,474	-10.9%	13,207	11,544	-12.6%	15.6	14.2	-1.4
General Motors	7,875	8,276	5.1%	19,099	18,750	-1.8%	22.6	23.0	0.4
Other	137	235	71.5%	234	722	208.5%	0.3	0.9	0.6
European Brands	2,341	2,438	4.1%	5,480	5,325	-2.8%	6.5	6.5	0.0
BMW	427	447	4.7%	1,047	1,072	2.4%	1.2	1.3	0.1
Mercedes	340	321	-5.6%	741	700	-5.5%	0.9	0.9	0.0
Volkswagen	1,136	1,268	11.6%	2,718	2,713	-0.2%	3.2	3.3	0.1
Other	438	402	-8.2%	974	840	-13.8%	1.2	1.0	-0.2
Korean Brands	2,224	2,161	-2.8%	5,110	4,740	-7.2%	6.0	5.8	-0.2

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 May 2019 were estimated by Auto Outlook. Data Source: IHS.

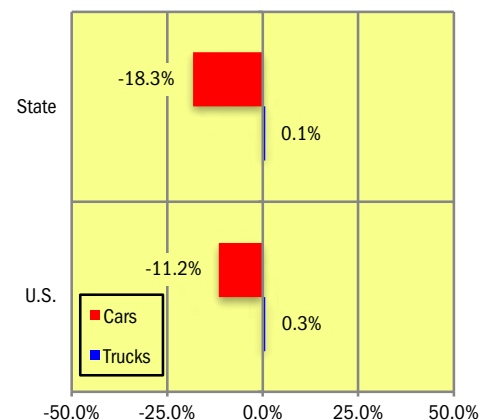
Percent Change in Three Month Moving Average of New Retail Registrations versus Same Period Year Earlier



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 May 2019 were estimated by Auto Outlook. Data Source: IHS.

Percent Change in State and U.S. New Retail Light Vehicle Markets YTD '19 thru May* vs. YTD '18



The graph above compares the change in new retail car and light truck registrations in both the area and U.S. markets. *Figures for May, 2019 were estimated by Auto Outlook.

Data Source: IHS.

Data Information

All data represents new vehicle retail registrations in Minnesota and excludes fleet and wholesale transactions. Reported registrations at the end of 2017 appear to be negatively impacted by implementation of the state's new vehicle titling and registrations system (MNLARS). This has likely resulted in under-reporting of registrations during these months and has led to declines in year-over-year new vehicle registrations. Future data updates released by IHS Markit should address the apparent shortfall in reported registrations. Data Source: IHS.

Minnesota New Retail Light Vehicle Registrations					
	Registrations			Market share	
	YTD '18 thru May	YTD '19 thru May*	% change	YTD '18 thru May	YTD '19 thru May*
TOTAL	84,651	81,546	-4%		
Acura	474	470	-1%	0.6%	0.6%
Alfa Romeo	84	43	-49%	0.1%	0.1%
Audi	760	762	0%	0.9%	0.9%
BMW	896	966	8%	1.1%	1.2%
Buick	1,702	1,579	-7%	2.0%	1.9%
Cadillac	444	429	-3%	0.5%	0.5%
Chevrolet	13,511	13,259	-2%	16.0%	16.3%
Chrysler	925	595	-36%	1.1%	0.7%
Dodge	1,788	1,465	-18%	2.1%	1.8%
FIAT	64	38	-41%	0.1%	0.0%
Ford	12,771	11,169	-13%	15.1%	13.7%
Genesis	46	38	-17%	0.1%	0.0%
GMC	3,442	3,483	1%	4.1%	4.3%
Honda	7,436	7,284	-2%	8.8%	8.9%
Hyundai	2,348	2,308	-2%	2.8%	2.8%
Infiniti	297	230	-23%	0.4%	0.3%
Jaguar	87	72	-17%	0.1%	0.1%
Jeep	6,167	6,385	4%	7.3%	7.8%
Kia	2,716	2,394	-12%	3.2%	2.9%
Land Rover	231	178	-23%	0.3%	0.2%
Lexus	876	848	-3%	1.0%	1.0%
Lincoln	436	375	-14%	0.5%	0.5%
Maserati	29	21	-28%	0.0%	0.0%
Mazda	2,234	1,828	-18%	2.6%	2.2%
Mercedes	740	700	-5%	0.9%	0.9%
MINI	150	106	-29%	0.2%	0.1%
Mitsubishi	749	667	-11%	0.9%	0.8%
Nissan	3,389	3,076	-9%	4.0%	3.8%
Other	28	24	-14%	0.0%	0.0%
Porsche	157	167	6%	0.2%	0.2%
Ram	3,412	4,455	31%	4.0%	5.5%
Subaru	4,909	5,354	9%	5.8%	6.6%
Tesla	231	718	211%	0.3%	0.9%
Toyota	8,863	7,807	-12%	10.5%	9.6%
Volkswagen	1,801	1,784	-1%	2.1%	2.2%
Volvo	458	469	2%	0.5%	0.6%

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

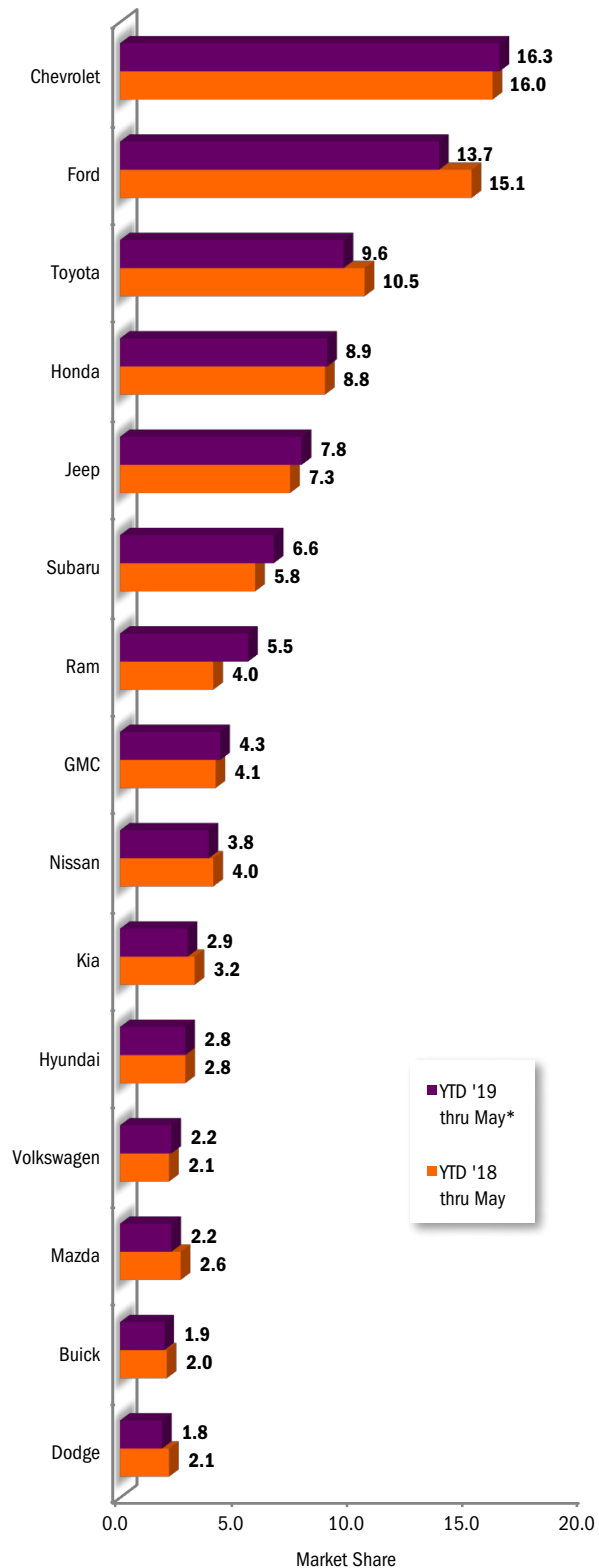
*Figures for May 2019 were estimated by Auto Outlook.

Data Source: IHS.

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State Market Share for Top 15 Selling Brands
YTD '19 thru May* vs. YTD '18



*Figures for May 2019 were estimated by Auto Outlook.

Data Source: IHS.



DRIVE SUCCESS IN THE SERVICE LANE

SERVICE ADVISOR PRO

Achieve peak performance to increase service-driven profits, improve survey scores, and excel in customer retention.

Service advisors will learn the skills and methods to successfully manage vehicle service from start to finish, including communicating with customers, handling customer objections, building CSI and more!

Participants will learn how to:

- Get customers to agree on needed service(s)
- Handle objections through the process
- Build rapport and learn more about the customer
- Ensure trust and credibility in customer relations

This class is recommended for new and seasoned Service Advisors.

REGISTER TODAY!
WWW.MADA.ORG

For more information contact Alice Morse
alice@mada.org OR 651-789-2956

**TUESDAY,
September 10**

9:00 a.m.- 3:00 p.m.

MADA HEADQUARTERS

200 Lothenbach Ave.
West St. Paul, MN 55118

Meet the Expert

Dan Hahn, *Director
Fixed Operations
Automotive
Development
Group (ADG)*



Dan joined ADG in 2014 as a Fixed Operations Trainer and was instrumental in positioning ADG as an industry leader in training and income development for automotive dealerships. Dan brings with him over 25 years of experience in the automotive industry, of which 20 were spent in retail. From the technicians stall, to the service drive and office, his experience allows him to implement customized solutions and drive sustainable results.

INVEST IN YOU. INVEST IN YOUR BUSINESS. INVEST IN SUCCESS.



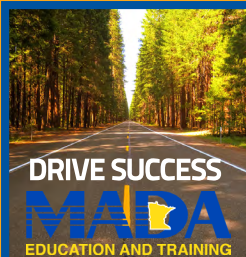
TITLE AND REGISTRATION
TITLE BASICS <i>An introduction to the title and registration process.</i> This interactive workshop will broaden the understanding of state forms, their proper application, and fee location. This class also prepares title clerks for the Certified Title Profession program. This class is recommended for new title clerks and dealership employees involved in the title and registration process.
TUE, August 13, 2019 9:30 – 11:30 a.m. MADA Headquarters
TUE, October 8, 2019 9:30 – 11:30 a.m. MADA Headquarters
TUE, December 10, 2019 9:30 – 11:30 a.m. MADA Headquarters
CERTIFIED TITLE AND REGISTRATION PROGRAM <i>Optimize performance in the title and registration process.</i> Consisting of three separate classes: Sales Tax, New to Fleet, and Minnesota Titles and Transfers. Each class provides vital skills and knowledge for optimal performance in title and registration. Certification is mandatory to utilize electronic titling and registration. Certification is awarded by attending all three classes and passing each test with a score of 70% or higher. This class is recommended for title clerks with one or more months of experience.
THU, September 19, 2019 9:00 a.m. – 3:00 p.m. MADA Headquarters
THU, November 21, 2019 9:00 a.m. – 3:00 p.m. MADA Headquarters
THU, January 16, 2020 9:00 a.m. – 3:00 p.m. MADA Headquarters

TITLE AND REGISTRATION
CHANGES TO MINNESOTA'S TITLING AND REGISTRATION PROCESS <i>What you need to know about Minnesota's new laws.</i> In late May, Minnesota legislators passed a law to move away from MNLARS and have an outside vendor build a more reliable system, which could take two years. Hear what MADA Vice President of Public Affairs Amber Backhaus and General Counsel Dan Louismet had to say about the transition phase as well as changes in Minnesota titling law that will help you better serve your customers until the new system is in place. They will also provide an update on the latest developments regarding Minnesota's stalled electronic vehicle titling and registration program (formerly known as CVR). This webinar is recommended for controllers, billing, and title clerks.
On-Demand Webinar

MANAGEMENT
THE LEADERSHIP TRANSITION <i>Optimize your leadership skills for team success.</i> This one-day workshop will focus on the winning strategies and facilitation techniques that create, develop, and inspire staff to achieve team goals. Learn your natural leadership personality and how to enhance those skills to coach and motivate staff to success. This class is recommended for current and future dealership managers.
TUE, October 22, 2019 9:00 a.m. – 4:00 p.m. MADA Headquarters

FIXED OPERATIONS
SERVICE ADVISOR PRO <i>Achieve peak performance to increase service driven profits, improve survey scores, and excel in customer retention.</i> Service advisors will learn the skills and methods to successfully manage vehicle service from start to finish, including communicating with customers, handling customer objections, building CSI and more! This class is recommended for new and seasoned service advisors.
TUE, September 10, 2019 9:00 a.m. – 3:00 p.m. MADA Headquarters
SHOP TALK: HOW TO MAXIMIZE YOUR MANUFACTURER WARRANTY REIMBURSEMENT <i>Learn how to enforce your hard-fought dealer rights and maximize your warranty reimbursement.</i> Minnesota Law requires manufacturers to reimburse their franchise dealers for warranty parts and labor according to a specific formula set-forth in statute. However, getting the most out of this powerful statute requires both accounting and legal analysis. Attendees will learn the basic provision of the warranty law, how to submit for warranty reimbursement, and be better prepared to resist manufacturer attempts to pay dealers less than what they are owed under state law.
WED, September 18, 2019 2:00 – 5:00 p.m. TopGolf, Brooklyn Park

FINANCE
CONTROLLER CONFERENCE This one-day conference is directed at dealership controllers and financial decision-makers. Designed and presented by dealership accountants and other industry specialists, this conference discusses complex dealership issues and more!
WED, October 18, 2019 9:00 a.m. – 4:00 p.m. MADA Headquarters



When you utilize MADA Education and training, you are investing in your dealership's success AND your industry's success!

We offer trusted, comprehensive, and topical educational opportunities that serve to improve dealership operations. Each course is designed to provide solutions and empower your staff to successfully manage the evolving situations that your dealership faces.

The revenue generated from MADA's training program is reallocated to legislative efforts at the Capitol, your legal counsel, and to fund the activities that strengthen our representation of YOU!

Wage Theft... *continued from pg 2*

MADA General Counsel Dan Louismet at (651) 789-2948 or louismet@mada.org.

Additional resources can be found through the MADA website at <http://www.mada.org/legal-resources/employment/Wage>.

Member News

Hess Kline passed away on June 21, 2019 at the age of 100. Hess was the first president of GMADA. Condolences to his son **Rick Kline**, owner of **Kline Nissan** and **Kline Volvo**, and his family.

Roger Thibert passed away on June 21, 2019. Roger owned and operated **Thibert Chevrolet and Buick** in Red Lake Falls for 33 years having semi-retired in 1988. Condolences to his son and MADA Board Member **Gary Thibert**.

Carousel Motor Group is celebrating its new **Coon Rapids Chrysler Dodge Jeep Ram** building with a grand opening on August 15, 2019.

Morrie's Automotive Group has named **Lance Iserman** as its new CEO.

White Bear Mitsubishi was awarded the Corporate Champion of Pride award by Twin Cities Pride.

Election News

Time to Support CAR and NADA PAC



2020 is gearing up to be another big – and expensive – election year. Candidates who support a healthy and strong motor vehicle retail industry will

need significant resources to break through the noise and get their messages across. Please donate to our political action committees, CAR at the state level and NADA PAC at the federal level, so we have the resources to help pro-dealer candidates be successful.

Invoices suggesting a “fair share contribution” for our PACs were sent in late June. Please take a moment to respond – and thanks to those that have already contributed!



Endorsed Service & Vendors

Check Guarantee/Credit Card Processing

FIS / Certegy

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

Speedway

Group Health Insurance

Blue Cross Blue Shield of MN

Delta Dental

Voya Life

Hole-In-One Insurance

Hole-In-One-USA

Office Supplies

Innovative Office Solutions

Online Marketing Services

Conversica

Dealer 1-2-1

LotLinx

PureInfluencer

Purple Cloud

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

Warranty Reimbursement

Bellavia Blatt

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



MADA NEWS ▪ JULY 2019

FAQ

Q: We took a vehicle in on trade. The catalytic converter is gone. We have a local customer who is willing to buy the vehicle “As-Is” without the pollution control equipment. The customer is even willing to sign a waiver. Is it okay for us to sell it to this customer?

A: No. MADA regularly receives this call, particularly regarding diesel trucks. Vehicles are being stripped of their pollution control equipment in order to enhance performance. That is illegal. Minnesota Statute §325.E.0951 prohibits the sale or transfer of any vehicle (old or new, car or truck) by a seller who has knowledge that any air pollution control system is either not in place or not functional. This is a criminal statute which provides for misdemeanor penalties. The law is designed to protect the public at large. Even if the buyer knows and agrees, the sale is still illegal.

Your legal options are:

1. Fix it.
2. Junk it.
3. Sell it out of state.

The statute can be found at: <http://bit.ly/MNstatuteCC>