

Regulatory News



Walz Wants CA Clean Cars

On September 25, Governor Tim Walz announced that he plans for Minnesota to adopt California Clean Car Standards, which include low emission vehicle (LEV) and zero emission vehicle (ZEV) mandates. The administration did not seek input from MADA or other impacted stakeholders (i.e. manufacturers, biofuels groups) before this announcement was made.

The implications of adopting such a rule are unclear and hinge on whether California is allowed to continue to set its own standards since the Trump Administration revoked California's authority to do so last week. The matter is now being litigated.

MADA responded with a statement condemning Walz's proposal, as the air quality, demographics, and consumer preferences are vastly different in California than in Minnesota.

Walz is pursuing this initiative via rulemaking, and the process officially kicked-off on October 7, when the Minnesota Pollution Control Agency (MPCA) announced they are seeking comments on the concept. The agency will be holding an initial round of public hearings across Minnesota:

- October 29: Fergus Falls
- October 30: Burnsville
- November 6: Marshall
- November 12: Virginia
- November 14: Minneapolis
- November 19: Mankato

MADA will be weighing in during the comment period and engaging our members throughout the process. Please reach out to MADA Vice President of Public Affairs Amber Backhaus at 651-789-2949 if you are interested in assisting us.

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Updates to Overtime Rule

FAQ: Employee or Independent Contractor?

Keynote Speaker Announced for the Main Event

upcoming events

nov 12 Google Analytics Training: Beginner
West St. Paul

nov 13 Google Analytics Training: Intermediate
West St. Paul

nov 13 Google Analytics Training: Advanced
West St. Paul

nov 21 Certified Title and Registration
West St. Paul

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

Regulatory News

MADA at the Table as VTRS Developed

FAST Enterprises has hit the ground running since it was awarded the contract to build the MNLARS replacement, known as 'VTRS.' It has organized the project into a number of teams, tackling areas such as title and registration; dealer and inventory; financials; training and testing. Unlike with MNLARS, FAST has brought stakeholders from outside the state agencies to the table to discuss underlying needs and the business processes that must be considered to make the project successful.

To date, MADA – represented by President Scott Lambert, Vice President of Public Affairs Amber Backhaus, and Title Manager Aly Quinn - has participated in a number of meetings to develop the framework for moving forward. It is a welcome change. Dealer feedback and testing will be sought as options are presented. If you are interested in assisting with VTRS development, please reach out to Amber at 651-789-2949.

Task Force Tackles Vehicle Registration

When the Office of the Legislative Auditor investigated MNLARS during the past year, one of its findings was that problems with determining a motor vehicle's base value weren't limited to the programming of MNLARS. Some of the variability in base value comes from a confusing law that is compounded by the timing of when pricing data becomes available from vehicle manufacturers.

As a result, the Legislature created a task force to determine if there's a better system than base value upon which to determine a vehicle's registration

tax. MADA has two appointees on the task force, which also includes legislators, deputy registrars, and agency staff, who are charged with reviewing how each of the following methods could be implemented in Minnesota in a revenue neutral manner: flat rate, weight-based, value-based, and age-based.

Findings are due to the Legislature by January 16, 2020, and will be shared when they become available.



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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MADA News



Calling All Community Heroes!

MADA is seeking nominations for our 2019 Community Heroes

awards, which will be bestowed at the Main Event on December 6.

If your dealership has an outstanding record of community service, exhibited by contributions of time and money to local organizations, let us know by November 13! Applications can be found at <http://www.mada.org/news/MainEvent/CHA>

Legal News

Overtime Update: Final Rule Change

The U.S. Department of Labor announced a final rule to make 1.3 million American workers eligible for overtime pay under the Fair Labor Standards Act (FLSA).

The final rule updates the earnings thresholds necessary to exempt executive, administrative, or professional employees from the FLSA's minimum wage and overtime pay requirements, and allows employers to count a portion of certain bonuses (and commissions) towards meeting the salary level. According to the Department, the new thresholds account for growth in employee earnings since the currently enforced thresholds were set in 2004. In the final rule, the Department is:

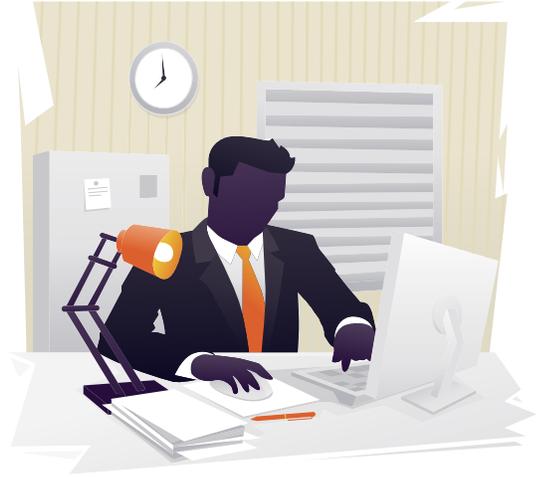
- raising the "standard salary level" from the currently enforced level of \$455 to \$684 per week (equivalent to \$35,568 per year for a full-year worker);
- raising the total annual compensation level for "highly compensated employees (HCE)" from the currently-enforced level of \$100,000 to \$107,432 per year;
- allowing employers to use nondiscretionary bonuses and incentive payments (including commissions) that are paid at least annually to satisfy up to 10 percent of the standard salary level, in recognition of evolving pay practices; and
- revising the special salary levels for workers in U.S. territories and in the motion picture industry.

The final rule will be effective on January 1, 2020.

You may recall that a 2016 final rule to change the overtime thresholds was enjoined by the U.S. District Court for the Eastern District of Texas on November 22, 2016 and was subsequently invalidated by that court. As of November 6, 2017, the U.S. Court of Appeals for the Fifth Circuit has held the appeal in abeyance pending further rulemaking regarding a revised salary threshold. As the 2016 final rule was invalidated, the Department has consistently enforced the 2004 level throughout the last 15 years.

A Fact Sheet regarding the new rule is available at:

https://www.dol.gov/whd/overtime2019/overtime_FS.pdf



MADA News

Walz Appoints Backhaus to Council

Governor Tim Walz recently named MADA Vice President of Public Affairs Amber Backhaus to the Governor's Advisory Council on Connected and Automated Vehicles (CAV). Backhaus will serve with 13 other appointees to counsel the state on matters related to the testing and deployment

of CAV in the state of Minnesota. This Council will continue the work of a similar committee established during the Dayton Administration that made an initial review of the CAV landscape and corresponding policy recommendations for consideration.

FAQ

Employee or Independent Contractor?

Q: Are there guidelines, or rules, a dealership should follow to determine if someone providing services to the dealership should be paid as an employee and receive a W-2 or as an independent contractor and receive a 1099?

A: Minnesota courts consider the following five factors in determining worker classification:



1. The right to control the means and manner of performance:
 - The right of the employer to control how a worker performs his job indicates an employer-employee relationship.
 - Control only over the worker's end-product indicates an independent contractor relationship.
2. The mode of payment:
 - A basis such as payment per hour or a fixed salary indicates an employer-employee relationship.
 - A per-job basis indicates an independent contractor relationship.
3. Providing materials and tools:
 - An employer furnishing all materials and tools necessary for the worker to perform his job indicates an employer-employee relationship.
 - The worker supplying all his own tools and materials indicates an independent contractor relationship.
4. Control of premises where work is performed:
 - Services performed on premises and controlled by the employer may serve as evidence of an employer-employee relationship.
 - Workers that control the premises where the work is performed may create a presumption that the worker has at least some freedom from a party's control and therefore an independent contractor.
5. The employer's right to hire and fire:
 - If the employer may terminate with little notice, without cause, or for failure to follow specified rules or methods, and the employer does not incur any liability as a result of termination, courts are more likely to find an employer-employee relationship.
 - If the relationship cannot be terminated without the employer being liable for damages, this may serve as evidence of an independent contractor relationship.

None of these factors alone determine whether an employer-employee relationship exists, or whether an independent contractor relationship exists. If your dealership utilizes independent contractors, we suggest reviewing these relationships with your employment attorney in light of the five factors above to determine the proper categorization for these person(s) providing services to your dealership.

Minnesota Auto Outlook

Released by:
Minnesota Automobile
Dealers Association

Covering the Minnesota automotive market

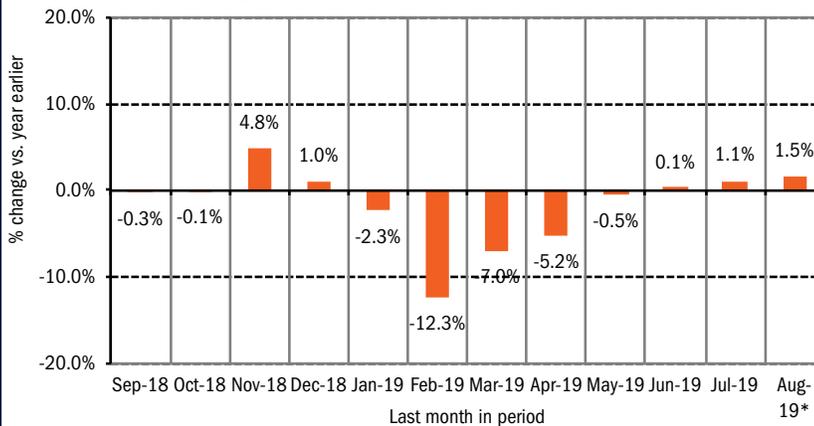
Data thru July/August 2019

Minnesota New Retail Car and Light Truck Registrations

	Most Recent Two Months*			YTD thru August*			YTD Market Share		
	7/18 & 8/18	7/19 & 8/19*	% change	YTD '18	YTD '19*	% change	2018	2019	change
Industry Total	39,394	40,433	2.6%	140,987	138,779	-1.6%			
Cars	7,556	6,725	-11.0%	28,649	23,658	-17.4%	20.3	17.0	-3.3
Light Trucks	31,838	33,708	5.9%	112,338	115,121	2.5%	79.7	83.0	3.3

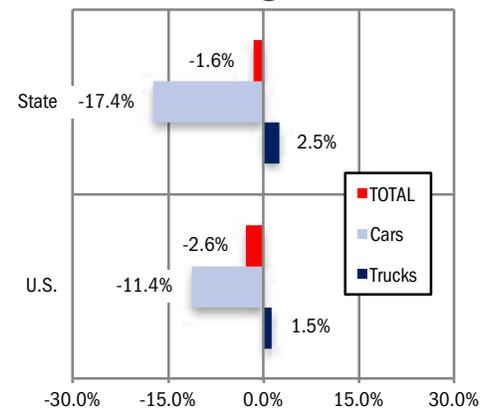
*Figures for August, 2019 were estimated by Auto Outlook. Data Source: IHS.

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



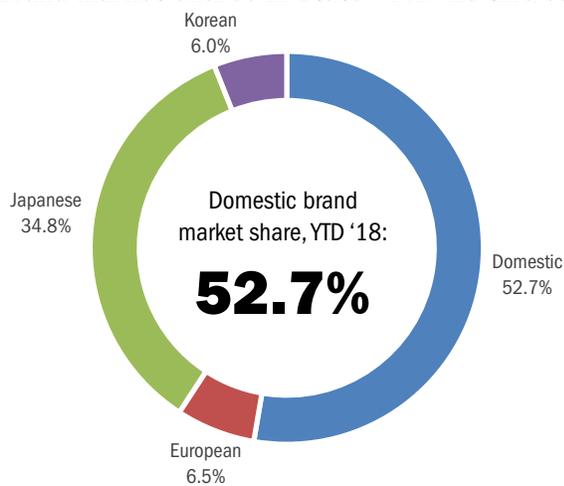
The graph above provides a clear picture of the trending direction of the state market. It shows the year-over-year percent change in the three month moving average of new retail light vehicle registrations. The three month moving average is less erratic than monthly registrations, which can fluctuate due to such factors as the timing of manufacturer incentive programs, weather and title processing delays by governmental agencies. *Figures for August 2019 were estimated by Auto Outlook. Data Source: IHS.

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

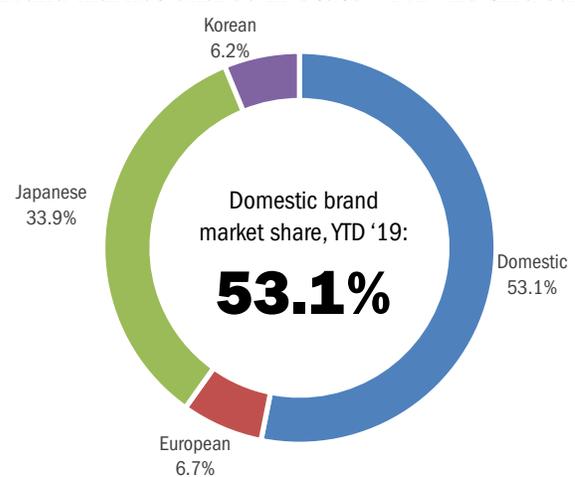


The graph above compares the change in new retail car and light truck registrations in both the state and U.S. markets. *Figures for August, 2019 were estimated by Auto Outlook. Data Source: IHS.

Japanese, Domestic, European, and Korean Brand Market Shares in State - YTD '18 thru July



Japanese, Domestic, European, and Korean Brand Market Shares in State - YTD '19 thru July



Data Source: IHS.

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.

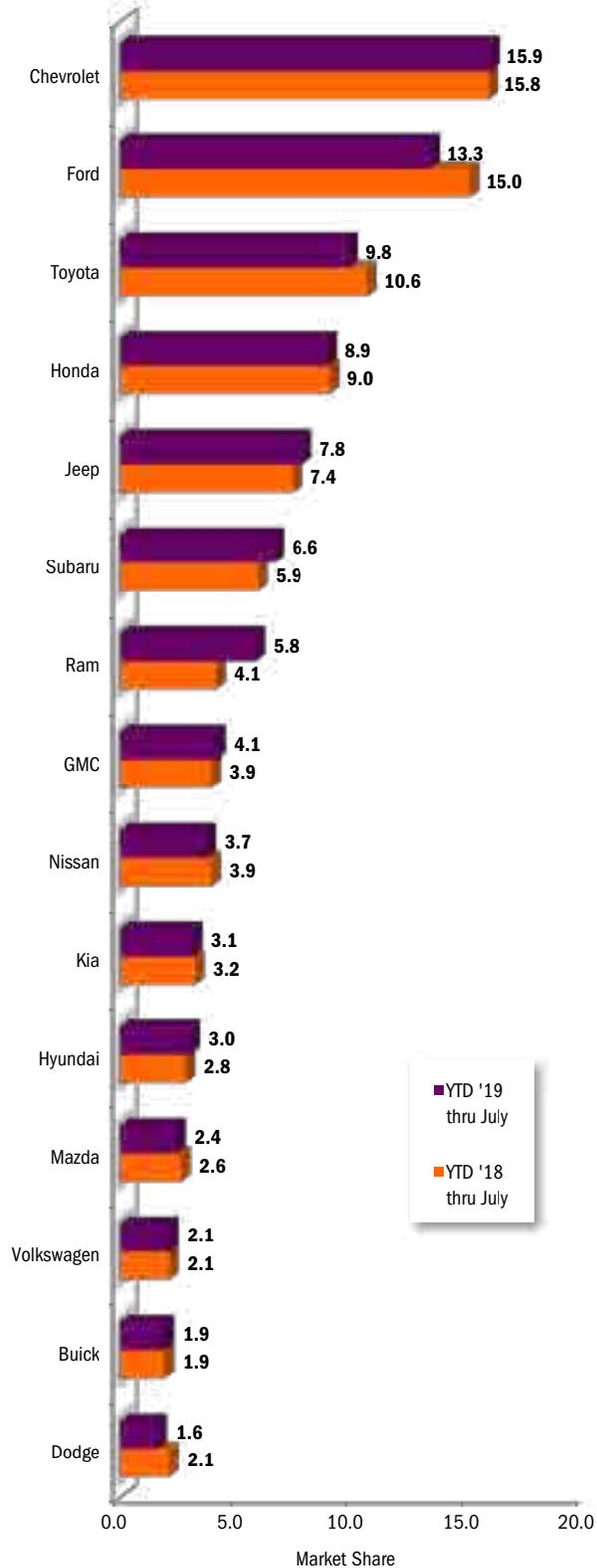
Minnesota New Retail Light Vehicle Registrations					
	Registrations			Market share	
	YTD '18	YTD '19	% change	YTD '18	YTD '19
	thru July	thru July		thru July	thru July
Acura	766	681	-11%	0.6%	0.6%
Alfa Romeo	128	74	-42%	0.1%	0.1%
Audi	1,148	1,128	-2%	0.9%	0.9%
BMW	1,238	1,603	29%	1.0%	1.3%
Buick	2,333	2,306	-1%	1.9%	1.9%
Cadillac	653	673	3%	0.5%	0.6%
Chevrolet	19,095	18,867	-1%	15.8%	15.9%
Chrysler	1,324	894	-32%	1.1%	0.8%
Dodge	2,507	1,963	-22%	2.1%	1.6%
FIAT	87	53	-39%	0.1%	0.0%
Ford	18,167	15,824	-13%	15.0%	13.3%
Genesis	55	55	0%	0.0%	0.0%
GMC	4,770	4,866	2%	3.9%	4.1%
Honda	10,866	10,547	-3%	9.0%	8.9%
Hyundai	3,383	3,616	7%	2.8%	3.0%
Infiniti	435	331	-24%	0.4%	0.3%
Jaguar	113	88	-22%	0.1%	0.1%
Jeep	8,967	9,299	4%	7.4%	7.8%
Kia	3,855	3,712	-4%	3.2%	3.1%
Land Rover	304	233	-23%	0.3%	0.2%
Lexus	1,276	1,200	-6%	1.1%	1.0%
Lincoln	619	579	-6%	0.5%	0.5%
Maserati	32	27	-16%	0.0%	0.0%
Mazda	3,094	2,851	-8%	2.6%	2.4%
Mercedes	1,079	1,061	-2%	0.9%	0.9%
MINI	235	185	-21%	0.2%	0.2%
Mitsubishi	1,073	959	-11%	0.9%	0.8%
Nissan	4,739	4,367	-8%	3.9%	3.7%
Other	40	34	-15%	0.0%	0.0%
Porsche	228	237	4%	0.2%	0.2%
Ram	4,986	6,851	37%	4.1%	5.8%
Subaru	7,094	7,818	10%	5.9%	6.6%
Tesla	424	1,093	158%	0.3%	0.9%
Toyota	12,795	11,620	-9%	10.6%	9.8%
Volkswagen	2,565	2,541	-1%	2.1%	2.1%
Volvo	711	740	4%	0.6%	0.6%

Top ten ranked brands in each percent change category are shaded green.
Data Source: IHS.

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



Data Source: IHS.

Member News

Congratulations to **St. Cloud Toyota** for winning three *St. Cloud Times* Best of Central Minnesota awards including Best New Car Dealership.



MADA Vendor Viewpoint One-Stop Shop for Dealers

Wholesale auto auctions offer all the services needed to manage inventory at any car lot. Thousands of vehicles are offered for sale weekly to fulfill your buying needs. On a weekly basis, auctions attract hundreds of buyers to turn your aged inventory into cash the SAME DAY! Auto auctions act as a “one-stop shop” for their customers because they need only make one call to arrange transportation, get condition reports, arrange financing, provide detailing and process titles; saving you time and energy.

Partnering with an auto auction representative assists you in finding inventory, selling inventory, resolving arbitration cases, and getting your purchases home quickly so you can get them ready for sale. Along with being fun and exciting, auto auctions create a network of allies you can converse with weekly to share best business practices.

Auto auctions have been around for a long time, BECAUSE THEY WORK! Get to know your auction rep today and see what they can do for you.

Contributed by Rob Thompson, Mid-State Auto Auction,
New York Mills, MN



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 ▪ OCTOBER 2019

Celebrate with MADA at the 2019 Main Event!

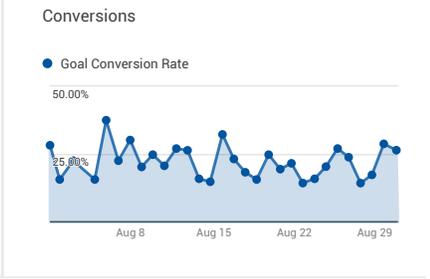
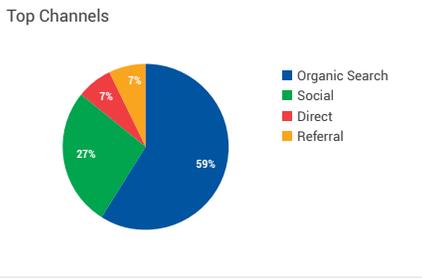
Attend this year's luncheon on Friday, December 6, at the Hyatt Regency Bloomington to recognize the accomplishments made by new car and truck dealers in 2019. We will highlight some of the biggest issues that we have fought for and against. Connect with other professionals in the industry. Plus, hear this year's keynote about consumer trends!

Graham Line, CEO and Founder of Digital Data Solutions, will share what his company has learned from tracking foot traffic at Minnesota car dealerships for over a year, analyzing buying habits and trends, and comparing them to national statistics. Attend this year's Main Event to learn more about Minnesota customers and their buying journey!

For more details or to register, go to
<http://www.mada.org/news/MainEvent>



- ▶ Realtime
- ▶ Audience
- ▶ Acquisition
 - Overview
 - ▶ All Traffic
 - ▶ Google Ads
 - ▶ Search Console
 - ▶ Social
 - ▶ Campaigns
- ▶ Behavior
- ▶ Conversions



Acquisition			Behavior			Conversions		
Sessions	% New Sessions	New Users	Bounce Rate	Pages / Session	Avg. Session Duration	Goal Conversion Rate	Goal Completions	Goal Value

GOOGLE Analytics Training Series

Increase knowledge, skills, and confidence with Google Analytics.

As more dealership ad dollars are spent on digital marketing, it is chow chararitical to understand how to fully measure those results. By using Google Analytics, a free tool installed on most dealer websites, dealerships can better hold vendors accountable and improve the effectiveness and ROI of their website's digital marketing.

This three-part series will provide hands-on, live instruction of Google Analytics with an automotive layer, discussing paid search, social media, OEM referral traffic, and more.

The series can be attended in its entirety as each session builds upon the other. Start where you feel comfortable.

• **Beginner | Tuesday, November 12, 2019 | 2:00 – 5:00 p.m.**

This first session will cover basic Google Analytics concepts for both setup and analysis. Learn about how to login, the basic navigation and framework, and how to set-up UTM campaign tagging and Google Ads (AdWords) paid search. Includes Instructor lab at the conclusion of training.

• **Intermediate | Wednesday, November 13, 2019 | 10:00 a.m. – 12:00 p.m.**

This second session will cover intermediate topics including: setting up filters, setting up custom goals and segments used to measure conversions, and traffic trends. This training is very automotive-centric, including detailed goal and segment set-up for the most popular website platforms (CDK, Dealer.com, DealerOn, etc.) This session will cover how to set up Custom Channel Grouping for reporting on assisted conversions vs. last click attribution.

• **Advanced | Wednesday, November 13, 2019 | 1:00 – 3:00 p.m.**

This third session will assume the attendee knows all the information covered in sessions one and two and will dive deep into advanced techniques for measuring traffic quality around paid search, referral, organic, and social media inbound traffic. Attendees will learn how to build custom reports, Cohort Analysis, and other advanced topics.

BONUS: Register today

and receive complimentary access to the October 15th webinar: "Cut Runaway Digital Marketing Spending."

▶▶ REGISTER TODAY! WWW.MADA.ORG ◀◀

**BEGINNER: TUESDAY
November 12
2:00 - 5:00 p.m.**

**INTERMEDIATE: WEDNESDAY
November 13
10:00 a.m.- 12:00 p.m.**

**ADVANCED: WEDNESDAY
November 13
1:00 - 3:00 p.m.**

**MADA HEADQUARTERS
200 Lothenbach Ave.
West St. Paul, MN 55118**

Meet the Expert

George Nenni,
*Principal
Consultant,
Generations
Digital*



With three decades of IT and automotive experience, George Nenni educates the automotive industry about emerging technology by writing, speaking and sharing his vision for how dealers can maintain a competitive edge. George has spent countless hours over his automotive career with dealers training them in-store on best practices, digital marketing ROI analysis, and adoption of new technologies.

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



TITLE AND REGISTRATION

TITLE BASICS

Designed as an introduction to the Title and Registration process, 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, December 10, 2019 | 9:00 – 11:30 a.m.
MADA Headquarters

TUE, February 11, 2020 | 9:00 – 11:30 a.m.
MADA Headquarters

CERTIFIED TITLE AND REGISTRATION PROGRAM

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.

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

FIXED OPERATIONS

SHOP TALK: MEET YOUR FUTURE TECHNICIANS

Engage Your Future Technician Workforce

There is no shortage of conversation when it comes the short supply of qualified technicians. We're taking the conversation to the heart of the matter and inviting high school students and their automotive instructors to lead the discussion. Learn why students chose to pursue a career as an automotive technician, how to better engage with students and high schools, challenges facing high school automotive programs, and more!

FRI, December 6, 2019 | 9:00 – 11:00 a.m.
Hyatt Regency-Bloomington

MARKETING

CUT RUNAWAY DIGITAL MARKETING SPENDING

Successfully measure and eliminate waste in digital marketing spend.

US dealerships spend an average of \$27,000 per month (according to NADA-DATA 2018) on digital marketing, but don't have a good framework for measuring success. This webinar will provide dealers with knowledge and powerful tools to measure success and eliminate waste in digital marketing spend.

Recommended for dealers, general managers, sales managers, marketing managers and anyone who handles digital marketing spend at the dealership.

ON DEMAND | WEBINAR

COMPLIANCE

WAGE THEFT LAW SEMINAR - RECORDING

Ensure your dealership complies with Minnesota's new Wage Theft Law.

This seminar details the provisions of Minnesota's new Wage Theft Law. It highlights the changes to the regulations and the steps dealerships should take to come into compliance with criminal wage and theft sanctions that went into effect on August 1, 2019.

This class is recommended for dealer principals, general managers, controllers, and HR.

ON-DEMAND | EVENT RECORDING

MARKETING

GOOGLE ANALYTICS TRAINING SERIES



REGISTER TODAY
www.mada.org/training

GOOGLE Analytics Training Series

Increase knowledge, skills, and confidence with Google Analytics.

By using Google Analytics, a free tool installed on most dealer websites, dealerships can better hold vendors accountable and improve the effectiveness and ROI of their digital marketing. This series of classes will provide hands-on training for both beginner and experienced Google Analytics users. Recommended for dealers, general managers, sales managers, marketing managers, service managers, and anyone who handles digital marketing at the dealership or wants to learn more about Google Analytics.

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Intermediate | MADA Headquarters

WED, November 13, 2019 | 1:00 – 3:00 p.m.
Advanced | 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!