

### MADA News

## Main Event Breaks New Ground



MADA's annual luncheon, the Main Event, was held on December 6 with topical and groundbreaking content.

MADA President Scott Lambert informed the audience of the threats from the California Car proposal, as well as updates on the MNLARS rebuild and other Association priorities.

The keynote speaker, Graham Line of Digital Data Solutions, brought evidence of his groundbreaking technology tracking customer traffic into dealer showrooms. Line informed the audience that, contrary to popular belief, potential customers visit dealer showrooms much more than previously believed. He discussed the Minnesota market and our unique brand loyalty issues. Attendees of the luncheon will have access to a special report on Minnesota consumer foot traffic from Digital Data Solutions that will be released in January.



Also, the event was notable for its opening video, interactive survey, and awards, including a Community Heroes award conferred to Rochester Subaru for its extraordinary volunteer service, and a Half Century Award to Jeff Lupient and the Lupient family for their 50 years in continual operation.

### inside

Regulatory Updates for 2020

Campaign against California Cars

New MADA Officers

**Contrary to popular belief, potential customers visit dealer showrooms much more...**

### upcoming events

jan 16 Certified Title and Registration  
West St. Paul

feb 11 Title Basics  
West St. Paul

mar 19 Certified Title and Registration  
West St. Paul

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

## Legal News

# Overtime Salary Threshold Increases January 1, 2020

In September of 2019, the United States Department of Labor issued its final rule amending the overtime exemptions that cover employees designated as executive, administrative, and professional – also known as the “white-collar exemption.” The updated white-collar exemption takes effect January 1, 2020.

Under the current exemption, an employee must earn an annual salary of at least \$23,660 (\$455 per week) in addition to meeting the duties test requiring the employee to have executive, administrative, or professional duties. If the employee fails to earn at least this amount, they do not fall within the exemption even if their job duties otherwise qualify under the exemption.

Under the new regulation, the salary threshold for these white-collar employees will increase to \$35,568 (\$684 per week). “White-collar” employees making less than that figure and working over 40 hours per week are entitled to overtime at one and one-half times their hourly rate.



**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.*

#### Chair

Steve Whitaker, Whitaker Buick GMC, Forest Lake

#### Vice Chair

Gary Thibert, Thibert Chevrolet & Buick, Red Lake Falls

#### Treasurer

Tom Leonard, Fury Auto Group, South St. Paul

#### Secretary

Chad Murphy, Murphy Chevrolet, Foley

#### President

Scott Lambert, MADA

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## Legal News

# Wheelage Tax Changes in 2020

Four Minnesota counties have elected to institute or increase a wheelage tax, effective with the registration period beginning in January 2020. They include Big Stone, Carlton, Hennepin, and Pope (see chart below). McLeod County has opted to discontinue its \$10 wheelage tax in 2020.

Reminder: a wheelage tax is a minimum \$10 tax that is levied by the county board of commissioners on vehicles kept in their county; not where the vehicle is titled. It is collected when a vehicle is registered and upon its annual renewal. For a full list of the 53 counties instituting a wheelage tax, go to <https://dps.mn.gov/divisions/dvs/Pages/Wheelage-Tax.aspx>.

County	2019	2020
Big Stone	0	\$10
Carlton	0	\$15
Hennepin	\$10	\$20
Pope	\$10	\$20
McLeod	\$10	discontinued

## MADA News

# CA Cars Triggers Special Assessment

The MADA Board's decision to engage in a legal strategy to stop Minnesota from adopting California Cars means that the Association will be utilizing the MADA Legal Defense Fund to pay for counsel. While there is a balance in the account currently, the funds could quickly be exhausted depending on the scope of a legal challenge.

As a result, the Board also voted to begin replenishing the Fund by adding a \$100 special assessment per rooftop to the 2019-2020 dues billing.

## Social Security Wage Base and Tax Rates for 2020

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

The Social Security Administration announced the taxable maximum wage base for social security payroll taxes for calendar year 2020. The following table shows the rates and bases applicable for 2020 and 2019 respectively:

Wage Base	2020	2019	Employee Tax	Employer Tax
Old Age, Survivors, Disability Tax	\$137,700	\$132,900	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 2020

The 0.9% Medicare Tax, which first went into effect in 2013, continues in 2020. 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.

## Minimum Wage Goes Up Effective January 1 to \$10.00

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 is now adjusted for inflation. The inflation adjusted rate effective January 1, 2020 is \$10.00 per hour. For youths who are 17 years old and younger, the adjusted minimum wage goes to \$8.15 per hour. 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 also adjusts to \$8.15 per hour on January 1.

## Vehicle Old-Age Exemptions

**Minnesota Used Car Warranty Law** A variety of exclusions are provided in Minnesota's Used Vehicle 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 January 1, 2020, model year 2012 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 January 1, 2020, model year 2015 and newer vehicles will be covered. 2014 and older will be exempt.

**Odometer Disclosure Requirements** The Federal Odometer Regulations contain an exemption from the disclosure requirements for vehicles that are ten years old or older. The Minnesota Department of Public Safety administers the exemption on a calendar year basis. Effective January 1, 2020, model year 2010 vehicles turn ten years old and will be exempt.

## Regulatory News

# MADA Board Votes to Pursue Aggressive Campaign against CA Cars

At its winter board meeting, the MADA Board of Directors voted to pursue an aggressive campaign to try and defeat the Walz Administration's directive that Minnesota adopt California's low emission vehicle (LEV) and zero emission vehicle (ZEV) mandates via rulemaking. MADA will be engaging in a public relations effort to educate the public that the state is abdicating its regulatory authority to California bureaucrats. The Association will also be exploring its legal options.

In late September, Governor Walz held a press conference announcing this initiative. Since then, the Minnesota Pollution Control Agency (MPCA) has commenced the rulemaking process and began soliciting feedback from the public on the concept. MADA submitted comments, found online at <http://bit.ly/MADAnoCA>, to discourage the state from adopting these mandates that will be

expensive for consumers and dealers alike. The next step in the process is for the MPCA to perform a technical analysis of the need and reasonableness of this initiative before it releases draft rules in the coming months.

MADA will be calling on its members to weigh in as this process moves forward. In the meantime, if you have local partners (Chambers, Rotary Clubs, Economic Development Authorities) who are concerned about this proposal and would like to learn more about its negative impacts, contact MADA VP of Public Affairs Amber Backhaus at 651-789-2941 or [amber@mada.org](mailto:amber@mada.org). MADA President Scott Lambert and she are available to provide a presentation on this misguided effort.



## MADA News

# MADA Elects New Officers

MADA's December Board of Directors meeting is a transitional moment for the Association with new members and officers elected.

***MADA Executive Committee now includes:***



**CHAIR**  
Steve Whitaker  
Whitaker Buick GMC  
Forest Lake



**VICE CHAIR**  
Gary Thibert  
Thibert Chevrolet &  
Buick  
Red Lake Falls



**TREASURER**  
Tom Leonard  
Fury Automotive  
Group  
South St. Paul



**SECRETARY**  
Chad Murphy  
Murphy Chevrolet  
Foley



**IMM. PAST CHAIR**  
Peter Kolar  
Kolar Toyota  
Duluth

Also joining the Board, as a representative of District 8, is Tom Hawkins of Hawkins Chevrolet in Fairmont. He was elected to succeed Rick Jensen of New Ulm's Jensen Motors who is rolling off after 8 years of service.



# Minnesota Auto Outlook

Released by:  
Minnesota Automobile  
Dealers Association

Covering the Minnesota automotive market

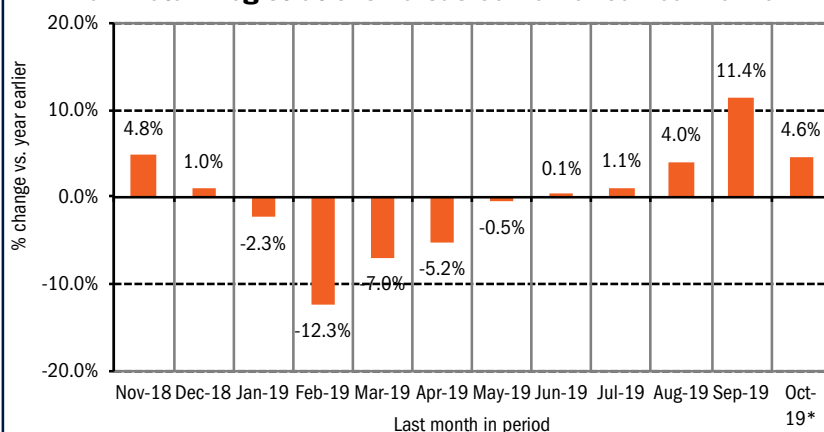
Data thru October 2019

## Minnesota New Retail Car and Light Truck Registrations

	Most Recent Two Months*			YTD thru October*			YTD Market Share		
	9/18 & 10/18	9/19 & 10/19*	% change	YTD '18	YTD '19*	% change	2018	2019	change
Industry Total	35,592	36,706	3.1%	176,579	176,904	0.2%			
Cars	6,603	5,323	-19.4%	35,252	29,038	-17.6%	20.0	16.4	-3.6
Light Trucks	28,989	31,383	8.3%	141,327	147,866	4.6%	80.0	83.6	3.6

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

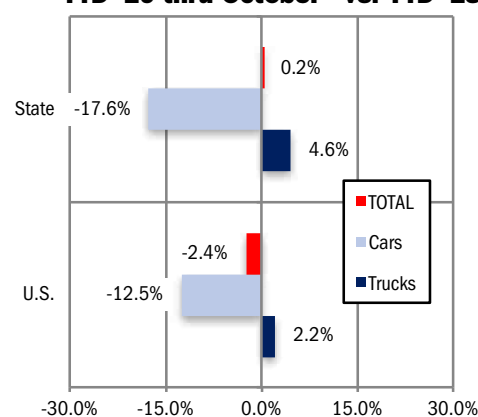
### Percent Change in Three Month Moving Average of New Retail Registrations versus Same Period Year Earlier



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

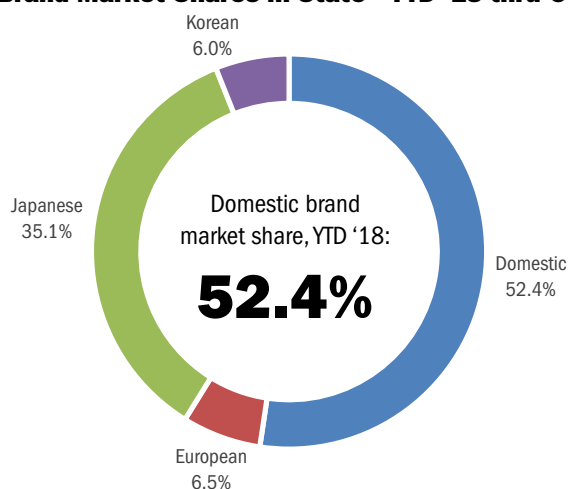
### Percent Change in State and U.S. New Retail Light Vehicle Markets YTD '19 thru October\* vs. YTD '18



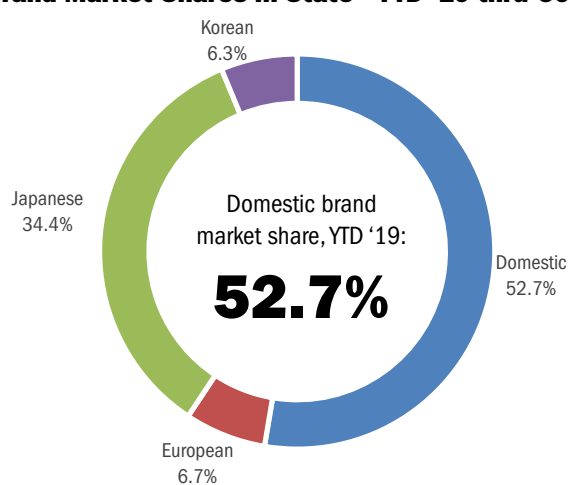
The graph above compares the change in new retail car and light truck registrations in both the state and U.S. markets. \*Figures for October, 2019 were estimated by Auto Outlook.

Data Source: IHS.

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



### Japanese, Domestic, European, and Korean Brand Market Shares in State - YTD '19 thru Oct.\*



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 thru Oct.	YTD '19 thru Oct.*	% change	YTD '18 thru Oct.	YTD '19 thru Oct.*
Acura	1,156	1,031	-11%	0.7%	0.6%
Alfa Romeo	172	94	-45%	0.1%	0.1%
Audi	1,702	1,732	2%	1.0%	1.0%
BMW	1,815	2,312	27%	1.0%	1.3%
Buick	3,201	3,336	4%	1.8%	1.9%
Cadillac	916	980	7%	0.5%	0.6%
Chevrolet	27,193	27,345	1%	15.4%	15.5%
Chrysler	1,930	1,325	-31%	1.1%	0.7%
Dodge	3,375	2,800	-17%	1.9%	1.6%
FIAT	123	76	-38%	0.1%	0.0%
Ford	26,502	23,809	-10%	15.0%	13.5%
Genesis	75	119	59%	0.0%	0.1%
GMC	6,831	7,197	5%	3.9%	4.1%
Honda	15,870	15,804	0%	9.0%	8.9%
Hyundai	5,136	5,496	7%	2.9%	3.1%
Infiniti	652	480	-26%	0.4%	0.3%
Jaguar	155	125	-19%	0.1%	0.1%
Jeep	13,129	14,024	7%	7.4%	7.9%
Kia	5,462	5,452	0%	3.1%	3.1%
Land Rover	423	351	-17%	0.2%	0.2%
Lexus	1,870	1,828	-2%	1.1%	1.0%
Lincoln	872	913	5%	0.5%	0.5%
Maserati	49	41	-16%	0.0%	0.0%
Mazda	4,437	4,446	0%	2.5%	2.5%
Mercedes	1,539	1,512	-2%	0.9%	0.9%
MINI	324	277	-15%	0.2%	0.2%
Mitsubishi	1,652	1,412	-15%	0.9%	0.8%
Nissan	6,894	6,555	-5%	3.9%	3.7%
Other	58	57	-2%	0.0%	0.0%
Porsche	319	341	7%	0.2%	0.2%
Ram	7,623	9,762	28%	4.3%	5.5%
Subaru	10,529	11,304	7%	6.0%	6.4%
Tesla	888	1,642	85%	0.5%	0.9%
Toyota	18,952	18,050	-5%	10.7%	10.2%
Volkswagen	3,700	3,779	2%	2.1%	2.1%
Volvo	1,055	1,097	4%	0.6%	0.6%

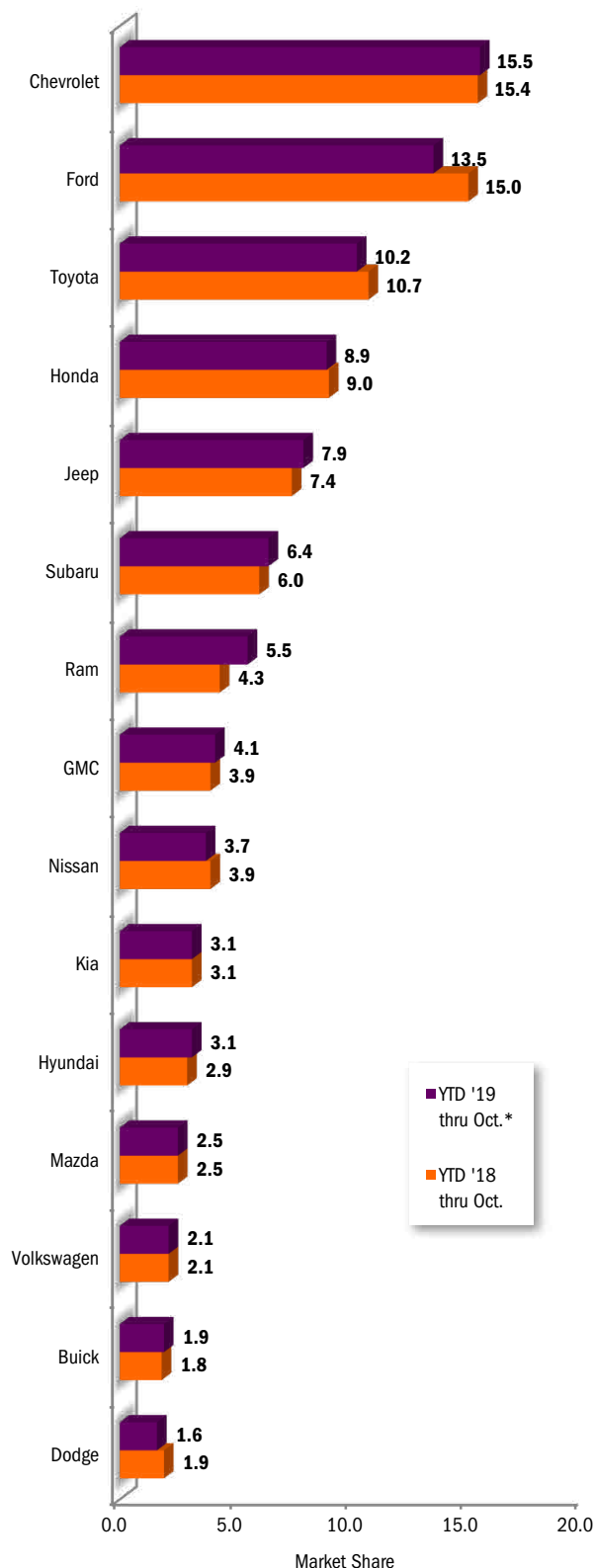
Top ten ranked brands in each percent change category are shaded green.  
Data Source: IHS.

\*October figures estimated by Auto Outlook.

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



Data Source: IHS.

## Member News

# Rochester Subaru Awarded 2019 MADA Community Hero



Rochester of Subaru and Todd Penz were recognized as the 2019 Community Hero at this year's MADA Main Event.

Applicants were asked to demonstrate strong contributions to the local community over the past 12 months. The awards were based on overall community impact of the dealership's contribution and the involvement of its store employees.

Of course, Subaru of Rochester is plugged into the Subaru of America national marketing efforts, such as Subaru Loves Learning. They find ways to amplify and build off those efforts to further support the Rochester area as they did through their work with the local Ronald McDonald House.

Additionally, they have supported a few fundraisers that link directly to their business activities and generate donations through vehicle sales, like the Orphans and Education program. Those efforts get their staff involved, who are engaged with their community throughout the year.

Some of the people and organizations that benefit from their support include the MN Adult and Teen Challenge, the Ironwood Springs Christian Ranch, the local soccer team, organizations that support patients and families in the Rochester health system, Dog's Downtown, the Boys and Girls Club, and so many more. It is safe to say that pets, patients, schools, children, teens and so many others benefit by having Todd Penz and his dealership in Rochester.



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



## MADA NEWS ▪ DECEMBER 2019

### FAQ

**Q:** Does the Americans with Disabilities Act (ADA) require my dealership website to make public accommodations for the blind or visually impaired?

**A:** Yes. The law doesn't necessarily require that the user have the exact same website experience, but that they have a similar experience. This can be achieved through various software that provides "screen-readers" that allow customers to consume website content. This accommodation is not limited to dealership websites. Other businesses, most notably restaurants, have been successfully sued over this issue; dealers are just the most recent target. MADA strongly recommends that dealerships reach out to their website provider, which may be through your manufacturer, to explore what options are available to ensure your website complies under the ADA.



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

**TUE, April 14, 2020 | 9:00 – 11:30 a.m.**  
MADA Headquarters

**TUE, June 14, 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, January 16, 2020 | 9:00 a.m. – 3:00 p.m.**  
MADA Headquarters

**THU, March 19, 2020 | 9:00 a.m. – 3:00 p.m.**  
MADA Headquarters

**THU, May 18, 2020 | 9:00 a.m. – 3:00 p.m.**  
MADA Headquarters

### 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**

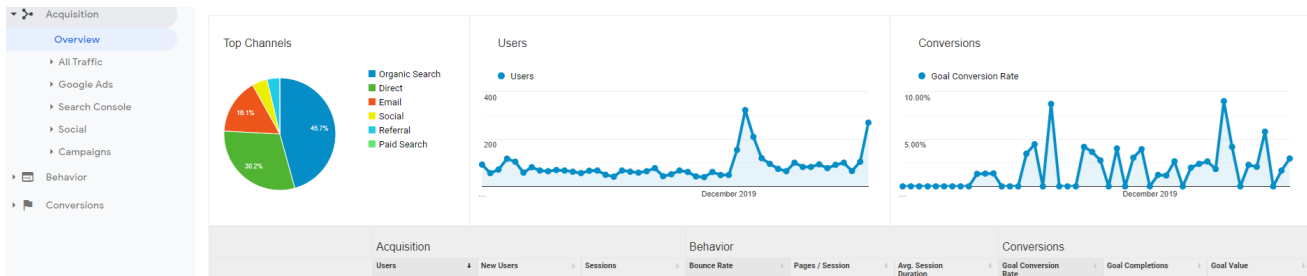


When you utilize MADA Education and training, you are investing in your dealership's success AND your industry's success!

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!

# MAXIMIZE YOUR DIGITAL MARKETING SPEND



## Automotive Google Analytics Training and Certification

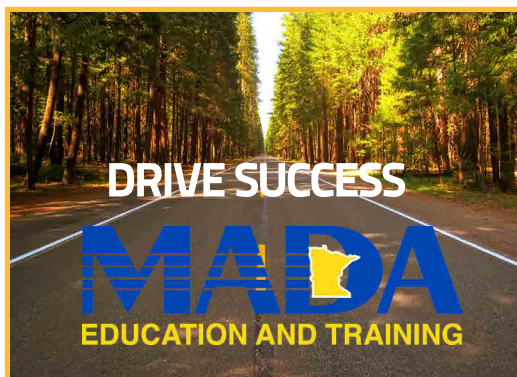
This e-learning series provides instruction of Google Analytics with an automotive layer, discussing paid search, social media, OEM referral traffic, and more. Starting with the basics each module builds to the more advanced topics. At the conclusion of each learning level (Beginner, Intermediate, and Advanced) attendees will have the opportunity to take an exam.



Certification is awarded by passing all three exams.

Register today and take advantage of MADA's special pricing!

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



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.

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