

Legislative News

Session Success: MADA's Issues Prevail

MADA was successful in enacting all of its top legislative priorities this year and stopping some unfavorable ones. Here's a quick recap of where we landed. MADA will be providing more details and a comprehensive legislative summary at a regional meeting near you this summer. See page 4 for details.

Dealer Doc Fee Increase

Effective July 1, the statutory cap in the dealer document fee increases from \$125 to \$200. For vehicles sold for less than \$2,000, the amount of the doc fee cannot be more than 10% of the value of the sale or lease transaction.

Future increases in the cap will be phased in over the following years, resulting in a \$350 maximum by July 1, 2025.

Retail Time for Warranty Labor

MADA partnered with union technicians to require the automakers to utilize the same third-party time guide a dealer uses for customer pay work when reimbursing for warranty repairs. In addition, the new law requires the factories also pay for all diagnostic time, including time spent communicating with a manufacturer's technical assistance. This change is effective October 1, 2023. You can read more about it on page 7.

MADA will hold regional meetings to outline major law changes affecting dealerships.

Inside

MADA Regional Meetings Announced

Big Update to MN Warranty Reimbursement Law

EV Incentives Enacted

Upcoming Events

june 27 Title Tuesday Series: Don't Leave Money on the Table

july 19 Title Basics Virtual

july 20 Certified Title & Registration MADA Headquarters

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

Session Success...continued on pg 2

Electric Vehicle Incentives

For the past four years, MADA has been working with Commerce Chair Zack Stephenson (DFL-Coon Rapids) on bills to address the demand-side of the electric vehicle (EV) equation. This year, the Omnibus Environment and Energy Bill includes those provisions. Over the next two years, \$16 million in EV consumer rebates of \$2,500 will be available for vehicles with an MSRP of \$55,000 or less. The Department of Commerce (DOC) is charged with overseeing this program, which is intended to be a point-of-sale discount, and is still working out the details.



EV Grants for Dealerships

Additionally, the bill includes \$2 million for dealers to apply for grants of up-to \$40,000 to offset the costs of purchasing equipment required by their manufacturer's EV brand certification programs. As with the rebates, the DOC is also implementing this program and hasn't released the details yet.

Member News

Keep MADA Updated!

If you've recently had some staff changes, hired a new manager, or promoted someone, let us know! We want to keep your dealership's records current and correct so we can get important updates and news to the right contacts. Whenever staff changes take place, send us an email at Bob@mada.org so you won't miss a thing.

Stuck in the DVS Queue?



**FAST TRACK YOUR TITLE QUESTIONS WITH
MADA'S TITLE ASSIST HOTLINE SERVICE!**

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MADA
Title Solutions
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Legislative News

Challenges for General Business Climate

When the 2023 Session of the Minnesota Legislature adjourned on May 22, lawmakers had introduced more bills than ever before and passed significant new policies, from reproductive rights to legalization of cannabis, into law. The DFL party, which controls the House, Senate, and the governor's office, took advantage of its "trifecta" to implement a laundry list of progressive policies that stalled out during the past decade of divided government. In total, 75 new chapters of law were enacted, including 15 omnibus budget and policy bills collectively spanning over 4,000 pages.

New programs, such as paid family and medical leave, will add cost and administrative burdens to Minnesota businesses. It entails creation of a new state-operated program that provides 12 weeks of paid leave for qualifying medical reasons and 12 weeks of paid leave for qualifying family reasons, not to exceed 20 weeks of combined leave for more than one qualifying event in the same claim year. A 0.7% per employee payroll tax is imposed to fund the program, which can be paid entirely by the employer or split 50/50 between employer and employee. In lieu of participating in the state program, employers may offer a private program if it meets the same eligibility, use, and payment standards outlined in the law. More information on the new law is available at the state's PFML website: <https://paidleave.mn.gov/>

Transportation Taxes

The Legislature also passed a major transportation funding bill containing over \$3 billion in tax increases to fund roads, bridges, and transit. Beginning July 1, dealerships will need to raise the rate of the motor vehicle sales tax (MVST) charged to customers from 6.5% to 6.875%. This applies to all vehicle sales statewide.



Effective January 1, 2024, the registration tax increases from 1.285% to 1.575%. For used vehicles registered in Minnesota prior to November 16, 2020, the rate increases from 1.25% to 1.54%. Beyond the increase, the depreciation schedule to which the registration tax applies is adjusted.

Again, more details on all of these topics and other new laws impacting the industry will be provided at a regional meeting near you this summer.

Association News

Join MADA at a Regional Meeting Near You!

The 2023 Minnesota Legislative Session was a busy one – with lots of new laws passed, including MADA's top priorities.

Come hear from MADA President Scott Lambert, General Counsel Dan Louismet, Vice President of Title and Registration Alice Morse, and Vice President of Public Affairs Amber Backhaus about new policies that will positively impact your operations including:

- An increase in the statutory cap on the dealer documentary fee
- New opportunities from Driver and Vehicle Services
- More favorable time guides for warranty reimbursement
- The availability of consumer rebates and dealership grants for electric vehicles

They will also provide an update on relevant labor, tax, and business regulations that were enacted.

Watch your e-mail for details on meeting locations.

Regional Meetings

Duluth	Wednesday, July 19 10:30 am - Noon
St. Cloud	Thursday, July 20 10:00 am - 11:30 am
Marshall	Monday July 24th 10:00 am - 11:30 am
Mankato	Monday, July 24th 3:30pm - 5:00 pm
Rochester	Tuesday, July 25th 10:00 am - 11:30 am
Roseville	Thursday, July 27th 10:00 am - 11:30 am
Bloomington	Friday, July 28th 10:00 am - 11:30 am
Bemidji	Monday, August 7 9:00 am - 10:30 am
Brainerd	Tuesday, August 8 TBD



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

Tom Leonard, *Fury Auto Group, South St. Paul*

Vice Chair

Chad Murphy, *Murphy Chevrolet, Foley*

Treasurer

Don Davidson, *Sears Imported Autos, Minnetonka*

Secretary

Rob Gregory, *Rochester Motor Cars, Rochester*

President

Scott Lambert, *MADA*

200 Lothenbach Avenue • West St. Paul, MN 55118

Metro: 651-291-2400 • Toll Free: 800-652-9029

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

Electric Vehicle News

Awaiting Launch of New EV Incentive Programs

MADA was successful in passing a package of EV incentives, including consumer rebates. Minnesota residents who purchase or lease an all-electric or plug-in hybrid electric vehicle with an MSRP of \$55,000 or less may receive a rebate of up to \$2,500. Consumers of used electric vehicles with a purchase price of \$25,000 or less are eligible for a \$600 rebate. Unlike the federal EV program which allows consumers to receive a tax credit at the time of their federal tax filing, the new Minnesota rebate is intended to be passed through to the consumer at the time of sale. Dealers would be reimbursed for passing along the rebate.



Besides Minnesota residents who register the vehicle in the state, other eligible purchasers include:

- a business that has a valid address in Minnesota from which business is conducted;
- a nonprofit corporation incorporated under chapter 317A; or
- a political subdivision of the state.

Recipients may not have previously received an EV rebate from the state of Minnesota. The number of rebates is limited to one rebate per resident per household or one per business. There are no limitations on nonprofits or local units of government.

The Minnesota Department of Commerce (DOC) is charged with setting up the program and administering the nearly \$16 million allocated for it. Because of the high volume of legislation that the DOC is responsible for, it's likely the money won't be available until later in the year. It's also unlikely to be retroactive, so dealers won't want to promote it too heavily until the program details are announced and the money is available.



Endorsed Services & Vendors

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ACV Auctions

Dealer Bond Program

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Innovative Office Solutions

Online Marketing Services

LotLinX

Pureinfluencer

OSHA, EPA & DOT Compliance/Training

ComplyNet Corporation

Pre-Paid Legal Services

LegalShield

Out-of-State Titling and Registration

Vitu Interstate

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

EV Grants for Dealerships



Two more pieces of the legislation directly affect the dealers as well. There will be a pool of money available for dealers to use to assist with brand certification expenses. You'll be able to get up to \$40,000 per rooftop in the form of a grant. As with the consumer rebates, the DOC will be administering the grant program. It looks like this money will be available later in the year as well. At this time, we're not sure if the money can be used for expenses that dealers have already incurred as part of the brand certification process.

MADA is in contact with the DOC about both programs and will keep you up to date on their progress.

The last portion of EV bill that relates directly to dealer groups is a new EV training and certification requirement. Each dealer that is able to sell EVs will be required to have at least one person on the staff that has taken statutorily-mandated EV sales training. MADA will be administering this program, which is expected to roll out this fall.



As you can see, there are a lot of moving parts in the EV world. As questions arise, please don't hesitate to reach out to MADA's EV Program Director, Steve Nisbet. You can reach him via email at steve@mada.org or via phone or text at 763-321-6932.

MADA Vendor Viewpoint

Know More about the Used Car Market

For car dealers and consumers alike, the used car business looks something like this: 40 million vehicles, billions of dollars, and zero transparency or trust. It's a profitable market—but one that's been bogged down by outdated practices, processes, and technology for far too long. As a dealer, used car manager, general manager, or anyone else with a stake in the game, there's one thing you know for certain: you make more money on used cars than new cars.

In today's used car landscape, the key to making more sales is acquiring more inventory. Use a data-driven, transparent approach and work with partners you can trust to maximize your performance. A trustworthy third-party vehicle condition report is also paramount: you have to know what you're getting when you buy it. You can improve profit by optimizing how you obtain and remarket your inventory.

Contributed by Stu Zalud, Director of Strategic Partnerships ACV Auctions

Legal News

Big Update to MN Warranty Reimbursement Law

We are pleased to report that Minnesota is now one of only four states in the nation that has addressed this time allowance issue that has plagued dealer warranty compensation. Specifically, the new law requires that “compensation for warranty labor must equal the dealer’s effective nonwarranty labor rate multiplied by the time guide used by the dealer for nonwarranty customer-paid service repair orders.” In other words, manufacturers must now pay the same time allowance as the third-party labor time guide used by the dealership for their customers. The 100-repair order submission for labor rate and part mark-up remains in place.

In 2018, MADA was successful in passing a sweeping new warranty reimbursement law that required manufacturers to fairly compensate dealers for warranty work. The law allows dealers to submit 100 warranty-like, customer-pay repair orders. These repair orders are then used to establish the dealer’s labor rate and parts mark-up for purposes of warranty reimbursement. At the time, Minnesota was among a minority of states to have such a law.

Fast forward five years. The law, which has become the standard across the nation, has, and continues to be, a great success. However, in response to this law, many manufacturers have methodically

lowered the time allowances for each warranty repair job thereby eroding the progress made in achieving a fairer labor rate and parts mark-up. In response to this, MADA has been working hard to close what we believe to be a loophole that allows manufacturers to save millions of dollars on the backs of both dealers and technicians.

This new law goes into effect October 1, 2023. MADA will have additional updates as we near the effective date. You will also have the opportunity to hear more about the change at one of the regional meetings we will be conducting this summer.



Minnesota Auto Outlook

Released by:
Minnesota Automobile
Dealers Association

Covering the Minnesota automotive market

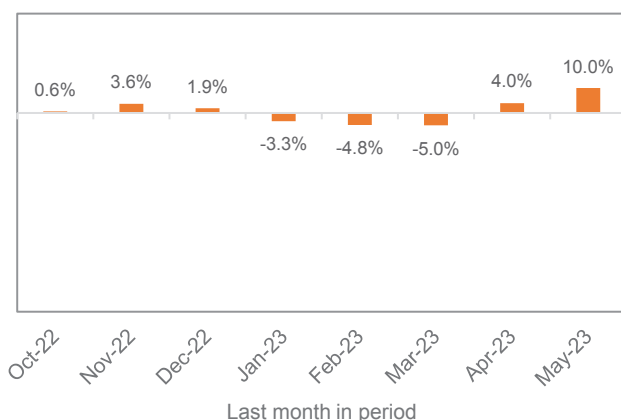
Data thru May 2023

Minnesota New Retail Car and Light Truck Registrations

	Most Recent Two Months			YTD thru May			YTD Market Share		
	4/22 & 5/22	4/23 & 5/23	% change	YTD '22	YTD '23	% change	YTD '22	YTD '23	change
Industry Total	29,138	33,786	16.0%	69,149	71,786	3.8%			
Cars	3,396	3,634	7.0%	7,548	7,350	-2.6%	10.9	10.2	-0.7
Light Trucks	25,742	30,152	17.1%	61,601	64,436	4.6%	89.1	89.8	0.7

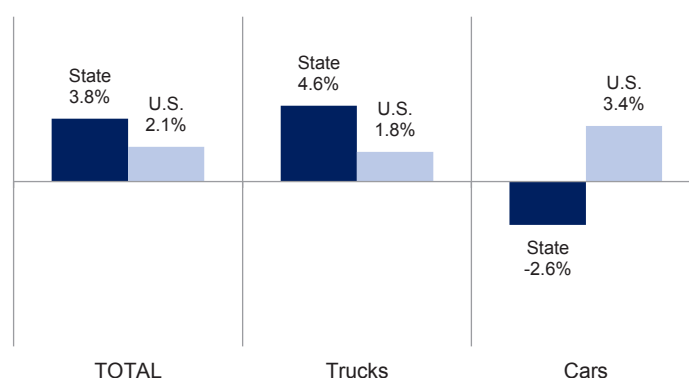
Data sourced from Experian Automotive. Figures for May 2023 are partially estimated.

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



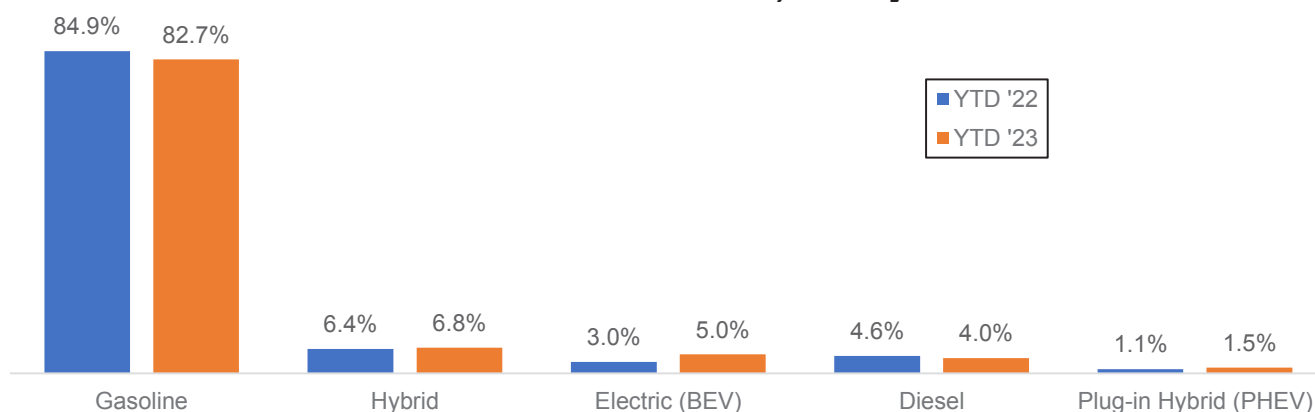
The graph above shows the year-over-year percent change in the three month moving average of new vehicle registrations. Data sourced from Experian Automotive.

**Percent Change in Minnesota and U.S.
New Retail Light Vehicle Markets
YTD '23 thru May vs. Year Earlier**



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

**Minnesota Market Shares by Powertrain Type
YTD 2022 and YTD 2023, thru May**



The graph above shows market share by type of powertrain. Hybrid vehicle market share excludes mild hybrids. Data sourced from Experian Automotive.

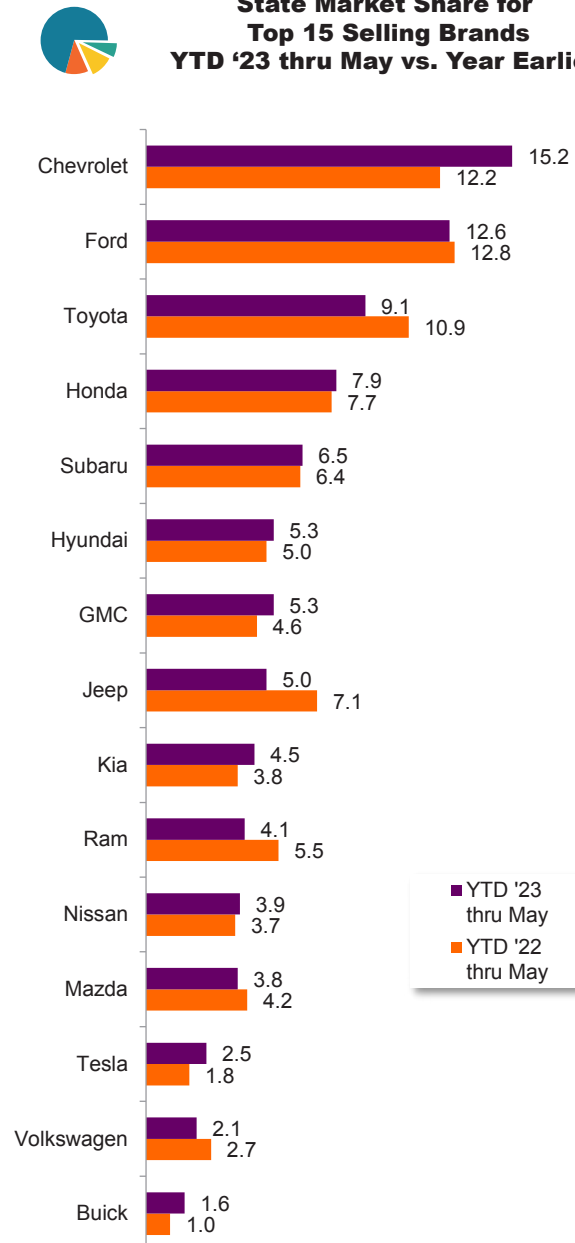
Data Information

Data presented in Auto Outlook measures new retail vehicle registrations in Minnesota. Monthly recording of registrations occurs when vehicle title information is processed, which may differ from date of sale. Title recording can occasionally be subject to processing delays by governmental agencies. For this reason, the year-to-date figures will typically be more reflective of market results.

Minnesota						
New Retail Light Vehicle Registrations						
	Registrations			Market share		
	YTD '22 thru May	YTD '23 thru May	% change	YTD '22 thru May	YTD '23 thru May	
Acura	396	488	23%	0.6%	0.7%	
Alfa Romeo	35	23	-34%	0.1%	0.0%	
Audi	569	625	10%	0.8%	0.9%	
BMW	1,167	1,085	-7%	1.7%	1.5%	
Buick	714	1,173	64%	1.0%	1.6%	
Cadillac	331	422	27%	0.5%	0.6%	
Chevrolet	8,447	10,901	29%	12.2%	15.2%	
Chrysler	538	541	1%	0.8%	0.8%	
Dodge	519	476	-8%	0.8%	0.7%	
Ford	8,829	9,034	2%	12.8%	12.6%	
Genesis	132	138	5%	0.2%	0.2%	
GMC	3,183	3,811	20%	4.6%	5.3%	
Honda	5,299	5,672	7%	7.7%	7.9%	
Hyundai	3,430	3,782	10%	5.0%	5.3%	
Infiniti	126	144	14%	0.2%	0.2%	
Jaguar	35	30	-14%	0.1%	0.0%	
Jeep	4,895	3,569	-27%	7.1%	5.0%	
Kia	2,623	3,214	23%	3.8%	4.5%	
Land Rover	210	233	11%	0.3%	0.3%	
Lexus	668	741	11%	1.0%	1.0%	
Lincoln	406	346	-15%	0.6%	0.5%	
Maserati	7	7	0%	0.0%	0.0%	
Mazda	2,875	2,698	-6%	4.2%	3.8%	
Mercedes	738	663	-10%	1.1%	0.9%	
MINI	96	97	1%	0.1%	0.1%	
Mitsubishi	645	591	-8%	0.9%	0.8%	
Nissan	2,541	2,797	10%	3.7%	3.9%	
Other	29	50	72%	0.0%	0.1%	
Polestar	103	23	-78%	0.1%	0.0%	
Porsche	157	155	-1%	0.2%	0.2%	
Ram	3,819	2,975	-22%	5.5%	4.1%	
Rivian	8	214		0.0%	0.3%	
Subaru	4,405	4,633	5%	6.4%	6.5%	
Tesla	1,214	1,788	47%	1.8%	2.5%	
Toyota	7,536	6,567	-13%	10.9%	9.1%	
Volkswagen	1,837	1,491	-19%	2.7%	2.1%	
Volvo	587	589	0%	0.8%	0.8%	

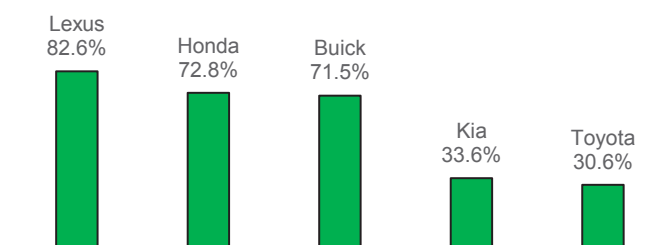
Top ten ranked brands in each percent change category are shaded gray. Data sourced from Experian Automotive.

State Market Share for Top 15 Selling Brands YTD '23 thru May vs. Year Earlier



Brands On the Move

**Largest % increase in registrations
during past 3 months (Mar '23 thru May '23) vs.
preceding 3 months (Dec '22 thru Feb '23)
Among top 20 selling brands**



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MOTOR VEHICLE TITLE & REGISTRATION

Title Basics

Designed as an introduction to the title and registration process, this interactive course will broaden understanding of state forms, their proper allocation, and fee location.

WED, July 19, 2023 | 8:30 - 11:00 a.m. | Virtual

WED, August 16, 2023 | 8:30 - 11:00 a.m. | Virtual

WED, September 20, 2023 | 8:30 - 11:00 a.m. | Virtual

Certified Title and Registration Program

This program is designed to provide the vital skills and knowledge for optimal performance in title and registration. In addition, attendees participating in this program and passing the administered tests are awarded certification. Certification is mandatory to participate in the EVTR program.

THU, July 20, 2023 | 9:00 a.m. - 3:30 p.m. | MADA - West St. Paul*

THU, August 17, 2023 | 9:00 a.m. - 3:30 p.m. | MADA - West St. Paul*

THU, September 21, 2023 | 9:00 a.m. - 3:30 p.m. | MADA - West St. Paul*

*Location may change based on number of registrants.



TITLE TUESDAY SERIES

MADA's Title Solutions team wants to share their knowledge with you! Hosted by Aly Quinn, MADA Title Manager, this educational series offers quick and valuable title advice.

The Title Tuesday Series is FREE to MADA members.
To learn more, visit www.madatitle.com

Title Tuesday Series: Don't Leave Money on the Table

Aly will discuss the recent change to the doc fee law that can help F&I departments recover the costs of preparing and handling customer paperwork. She'll also share how using an EVTR vendor can save time – and earn your dealership money – when processing title applications.

TUE, June 27 | 12:00 - 12:15 p.m. | Virtual

Thank you to our Certified Title Sponsors!



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DRIVE SUCCESS



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.

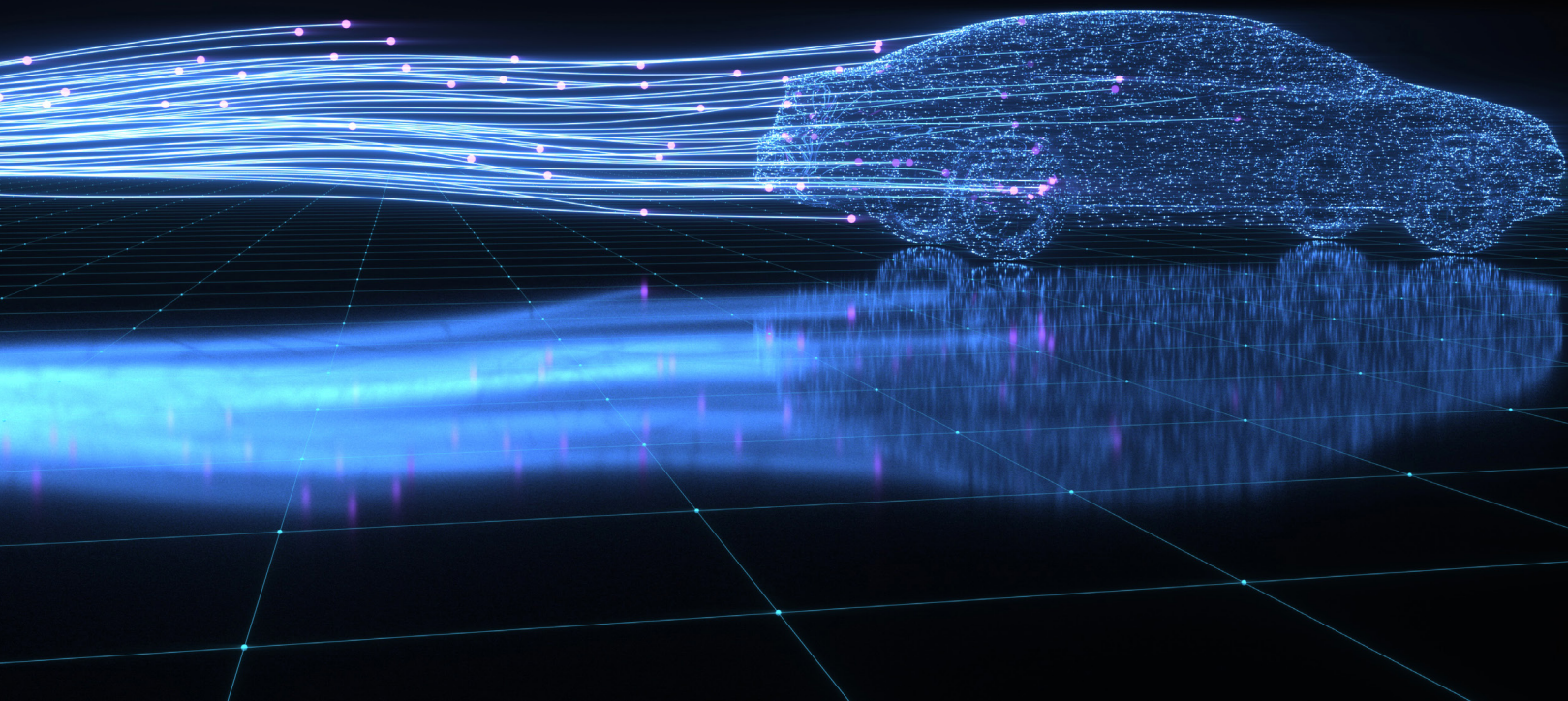
The revenue generated from MADA's training program is reallocated to legislative efforts at the Capitol, your legal counsel, and to fund the activities that strengthen our representation of YOU!



2024 Show Dates

March 31 - April 7, 2024

Minneapolis Convention Center





FAQ

Q: Is a dealership **required** to charge a doc fee?

A: No. A dealership is **allowed** to charge a doc fee of up to \$125 through June 30, 2023, and \$200 starting July 1, 2023.

Under Minnesota law, a motor vehicle dealer may charge a doc fee “for services actually rendered . . . to prepare, handle, and process documents for the closing of a motor vehicle retail sale or lease.” The law sets a ceiling on the doc fee; it does not say what the doc fee should be as a matter of course. However, the doc fee should bear some reasonable relationship to the cost for services actually rendered by the dealership in closing each vehicle purchase or lease.

Note: the law explicitly requires that the doc fee be separately stated on the sales agreement.

The time is now to plan for your dealership's summer events!

We have resources to get you everything from staff gear to giveaway items and more!



Contact your sales rep today for member pricing:

Keith Vos | Lou Iacona Sr. | Lou Iacona Jr. | Mike Olson

MADA
Services Incorporated

651.291.2400