



Upcoming DealersEdge webinars

The Chicago Automobile Trade Association has established a partnership with DealersEdge to provide high-quality training and informational webinars that offer the content to CATA member dealers at a significantly discounted rate.

The rate for CATA members for the weekly presentations is \$149, half what is charged to users who do not subscribe to DealersEdge. Webinars premiere on a near-weekly basis.

Even for dealers who hold an annual membership with DealersEdge, the new relationship with the CATA represents a savings because DealersEdge offers its Webinars to its own members for \$198. Regular annual membership fees are \$397, and normal webinar fees are \$298 for non-DealersEdge members.

Once purchased, DealersEdge webinars and accompanying PDF files can be downloaded and viewed later—and repeatedly. No matter how many people watch at your location, each connection costs a CATA member just \$149. A telephone connection is not needed; and the fee includes both PowerPoint slides and audio.

To register for any of the DealersEdge webinars, go to www.cata.info. On the tan bar across the top of the screen, click on Education/Careers and follow the dropdown menu to CATA-DealersEdge webinars.

Premiering Thursday, Jan. 8 at 12 p.m. CST

“Effective Labor Rate Control and Management: The Art & The Science” Discover a plan and a painless process to significantly improve your Customer Pay ELR (Effective Labor Rate). Small almost invisible adjustments with huge bottom line impact!

Speaker Ray Branch will share knowledge to help Ser-

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New Illinois leasing era underway

A rare triple winner — good for consumers, good for business, good for government — debuted Jan. 1 in Illinois, when the state changed the method of taxation on leased vehicles.

Also Jan. 1, the CATA rolled out an aggressive advertising campaign to make sure consumers are aware of the change. With contributions from every manufacturer in the market together matching the CATA's buy, the campaign is worth more than \$1 million.

With tag lines of “The Lease You Can Do” and “More Car, Less Money,” the campaign emphasizes the newfound benefits of leasing a new or used vehicle in Illinois. The campaign wasted no time, airing New Year's Day spots during the Tournament of Roses Parade and the Rose Bowl football game that followed.

The television ad buys are slated to show more than 2,000 messages during the year's first quarter, delivering nearly 125 million gross ad



impressions among adults, whose target audience will see the spots an average 19 times each over the next three months.

About 93 percent of the campaign's target group will hear radio messages an average 11 times each through March. Digital advertising also is part of the mix.

“The CATA worked years for this change in order to increase leasing activity for our dealers,” said CATA Chairman Colin Wickstrom. “Now that the change is here, the association is ready to help our dealers capitalize on it.”

Before the change, lessors paid use tax on the entire value of the leased vehicle, and the lessee did not pay any sales tax. Under the new

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In Memoriam

Al Piemonte, whose name-sake Ford dealership in Melrose Park has ranked among the area's best-known for nearly three decades, died Dec. 24 at age 83.

Mr. Piemonte's exaggerated hand gestures and colorful sweaters made him a staple on Chicago televisions for more than 30 years.

Four dealerships carry his name — the Ford store and a Nissan dealership, also in Melrose Park, a Chevrolet dealership in East Dundee, and a Chrysler-Dodge-Jeep dealership in St. Charles — and he had interests in several other dealerships.

Bob Rohrman, principal of the Bob Rohrman Auto Group, said: "I've known Al ever since I came to Chicago in 1985. I don't know a dealer anywhere who didn't look up to Al and admire what he did for the automobile business in Illinois. He brought new ways of advertising on TV and radio that helped all of us. We were competitors but we were friends. My heart goes out to his family. He was fantastic to the community and to the industry."

Mr. Piemonte had six children, including a son, Gregory, who died at age 3. Survivors include his wife, Rosanna; daughters Mary and Alexandra; sons Marco, Jeffrey and Patrick; and six grandchildren.



Webinars

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vice Managers meet their No. 1 responsibility to the dealer: producing ROI. Learn the formula for immediate and significant ELR improvement. You can make relatively small and almost invisible-to-the-customer changes in labor pricing that would result in an increase to your ELR of \$6 or \$7 in just 30 days. Sounds almost too good to be true doesn't it?

But tune in to this DealersEdge Workshop and Ray Branch will both prove it to you and show you how. "Professor" Branch has studied this concept for more than 20 years and, in the process, has performed a forensic analysis on more than 50 million dealership Customer Pay Repair Orders.

This analysis takes each RO through more than 120 complex calculations and generates more than 80 Key Performance measurements. The results are very revealing and nothing short of amazing.

Premiering Thursday, Jan. 15 at 12 p.m. CST

"Habits & Practices of Exceptional F&I Managers"

Learn the skills and habits of the most skilled F&I Managers in the business. By the way, they also are the most highly compensated.

Presenter Jeff Sacks recently identified the F&I Manager as one of the key positions in the dealership where related efforts have the most direct flow through impact on the bottom line. Jeff urges General Managers to key in on this position to make sure the right person sits at the F&I control desk.

Becky Cherneck will examine the common attributes of the best F&I Managers in the business. From her vantage point, Becky has identified the habits and practices that allow these super performers stand out among their peers. Not surprisingly, these exceptional F&I Managers are also among the most highly compensated.

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The CATA Bulletin is distributed via blast email every other Friday except during the Chicago Auto Show, when it is not produced.

Listings of items for sale are subject to the approval of the CATA. Candidates for employment must submit a full resume to the Editor.

Review past editions dating to 1998 or search by subject at www.cata.info/publication/bulletins.

David E. Sloan
Erik K. Higgins

President, Publisher
Editor, Director of Dealer Affairs

Getting good at recall work

Service managers and dealer principals welcome recalls because they bring more revenue and profit.

"They're getting their regular warranty labor rate, which can range anywhere from \$70 to \$110 an hour," said Paul Vollrath, a parts and service consultant. "Technicians aren't crazy about (recalls) because the flat-rate labor time is a little bit less. But if it's a large recall like Toyota had with its heated seats, they can get real good at it, find shortcuts, and actually make time on them."

About half of the states have laws that specifically require manufacturers to pay

dealers for recall work at the retail rate.

"Any type of recall is great for business. Any time you have people coming in without having to advertise, it's a good thing," said Greg Bart, parts and service director at McGrath Audi in Morton Grove.

"For recalls on older cars, we know there will be a lot of people coming in that haven't been here for a while," Bart said. "If we see an older vehicle with the potential for upsells, we try not to push it that day. People really appreciate not getting the hard sell. They might come back the next day anyway."

Illinois ushers in 2015 with new employment laws

With decorations, feasts, and other holiday merriment behind them, employers in Illinois get to celebrate the start of another year by updating their policies and practices to comply with several recently enacted laws that took effect Jan. 1. These include the following:

- **Pregnancy accommodation, new mandatory poster**

Perhaps the most significant new law affecting Illinois employers is Public Act 98-1050, which amends the Illinois Human Rights Act to expand legal protection for pregnant employees, requiring all employers to make reasonable accommodations for pregnant employees.

Among other requirements, the new law obligates employers to post a notice to employees. The poster is mandatory for all employers, not just those with 15 or more employees.

The poster is available on the website of the Illinois Department of Human Resources, along with a separate fact sheet for employers

regarding the requirements of the new law.

Notably, although the information on the Department's website only references posting the notice in a conspicuous place where other employment law notices are posted, the state's amended Human Rights Act also appears to require employers to publish the notice in any employee handbook that includes information about employee rights under the Act.

- **Ban the Box**

Another new Illinois law, the Job Opportunities for Qualified Applicants Act (PA 98-0774), more commonly referred to as the "Ban the Box" law, prohibits private sector employers with 15 or more employees from asking job applicants about their criminal background in the pre-employment process, prior to extending an offer of an interview or conditional employment.

Instead, the Act now requires that applicants be notified of their selection for an interview, or given a conditional offer if there is no interview, before any such inquiry or disclosure. This is similar to Illinois' prohibition

against inquiring about an applicant's criminal history on State employment applications.

- **Payroll card programs**

Public Act 98-0862 amends the Illinois Wage Payment and Collection Act to impose new restrictions on payroll card programs offered by employers.

While the new law provides an alternative to the traditional methods of payment by check or direct deposit, employers who elect this payment method must be aware of specific requirements imposed by the new legislation.

Significantly, the law prohibits employers from requiring employees to receive wages on payroll cards as a condition of employment and, if an employer offers payroll cards as a payment option, it must still provide an alternative form of payment to its employees.

- **Sexual harassment protection for unpaid interns**

Public Act 98-1037 amends the Illinois Human Rights Act to extend the Act's prohibition on sexual harassment to unpaid interns.

State to forgive employer penalties for absent monthly wage reports

The Illinois Department of Employment Security has moved to reimburse businesses in the state that were fined for failing to file monthly and quarterly contribution and wage reports, instead of just the latter. Some dealers who were fined said last summer that the state didn't alert them of the reporting change.

A 2012 Illinois law calls for businesses with 25 or more employees to file monthly and quarterly reports. Businesses previously

were called to submit the reports quarterly. The monthly wage reporting requirement was phased in since 2012 based on the number of workers at a business: 250 or more, January 2013; 100-249, July 2013; 50-99, January 2014; 25-49, July 2014.

Statutory language penned by the Illinois General Assembly provides no wiggle room for the IDES to waive or reduce penalties incurred under the new requirement, the department officials said. One north

suburban dealership was assessed more than \$10,000 in fines.

But the IDES in December filed emergency rules to address the issues that surfaced surrounded the increased reporting. The rules grant a waiver of penalties for previous absent monthly reports.

Going forward, the monthly reporting requirement will be based on a state fiscal basis rather than a calendar year basis. If a business's employee headcount

equaled or exceeded 25 in 2014, monthly reporting will be required for the period of July 1, 2015, through June 30, 2016.

The change gives the state ample time to notify affected employers of the reporting requirements.

The monthly reporting law, referred to as the Save Medicaid Access and Resources Together (SMART) Act, was designed to root out waste, fraud and abuse in the state's Medicaid program.

New NADA video touts local dealers' economic benefits

The National Automobile Dealers Association has released another new animated video as part of the organization's "Get The Facts" initiative.

The video focuses on how new-car and -truck dealers are the economic backbone of their communities, providing price competition and well-paying local jobs.

Dealers directly provide more than 1 million good-paying jobs nationwide in sales, servicing and management, and drive creation of another 1 million jobs in other businesses as well, from local broadcasting to construction to finance.

Dealers also pay billions of dollars nationally in property, sales and income taxes that fund local schools, police and fire departments.

Local dealers also benefit consumers as they compete on pricing and financing, and provide extra accountability on warranty and recall issues.

The NADA's "Get The Facts" initiative is designed to inform policymakers, opinion leaders and the media about the numerous benefits of the dealer franchise network through a variety of multimedia.

The videos and other resources are at www.nada.org/GetTheFacts.



Help promote the show!

Materials shipped for auto show, 2015 concerns

All members of the Chicago Automobile Trade Association in good standing were sent materials Jan. 2 to help them get through the coming year and to help publicize the Chicago Auto Show, Feb. 14-22 at McCormick Place. It's your show; please promote it.

Packages sent via United Parcel Service to dealer principals and company presidents include the following:

- 1 CATA-member 2015 window decal;
- 1 form to photocopy to order free supplies of odometer statements, used-car buyer's guides, used-car limited warranty statements, and emission control equipment statements.

Also, to promote the 2015 Chicago Auto Show, the shipment includes:

- 4 Chicago Auto Show easel cards;
- 2 Chicago Auto Show posters;
- 1 First Look for Charity poster;
- 2 Honored Guest tickets good for repeated admission throughout the auto show;
- 50 Employee Appreciation Day admission tickets, valid once Feb. 16-20; and
- 200 discounted admission vouchers to offer to customers.

Don't forget to purchase additional admission tickets to the auto show as well as any First Look for Charity tickets.

The UPS shipments were to begin reaching members Jan. 5. Any member who does not receive a package by Jan. 15 should notify the CATA. The shipments are trackable, to help resolve problems.

Leasing

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law, tax on leases longer than one year is applied to each monthly payment, as it is in most other states in the country.

The result: Consumers pay less tax, dealers lease more cars, and the Illinois Revenue Department gets more money from the increased leasing activity.

The changes affect the tax base, calculation, and reporting methods for vehicle leases:

- **Tax due at lease origination** Lessors pay tax on all amounts due under a lease at the time the lease is entered into. While not exhaustively defined, this includes down payment, acquisition fees, lease fees, monthly payments, and potentially other charges.

- **Subsequent tax obligations** Lessors collect tax from lessees on amounts not calculated at the time the lease is entered into, such as excess mileage and

wear and tear charges. This could also include value adjustments made on net leases, which make up the difference between the actual value of the vehicle at the end of the lease and the stated residual value at lease inception. Under the previous rules, no sales tax was paid on those charges.

- **Advance trade credits and third-party trade-ins** Trade-ins from the lessor (advanced trade-in credits) or from the lessee (under a third-party trade-in credit) are eliminated and do not reduce the tax base of the vehicle.

- **Lease-end credit** Previously, lessors who paid tax on previously leased property (including vehicles) were entitled to a credit for the amount of sales tax paid when the vehicle later is sold to an Illinois customer. Because lessors no longer will pay tax on the entire vehicle cost for leases, the credit will not apply to these leases.