



Volume 114, No. 11

June 5, 2017

Illinois lawmakers move 1 of 2 dealer bills as session wraps (sort of)

SPRINGFIELD—At the expected close of the Illinois General Assembly’s spring session: good news and maybe more good news in the days ahead for the state’s franchised dealers.

Legislation to improve the dealer-manufacturer dynamic advanced with Senate Bill 1687, which would prevent manufacturers from forcing dealers to remodel their stores twice within 10 years. The bill passed May 31 and heads to Gov. Bruce Rauner’s desk for his signature.

As important, another bill that would provide clarity to a recently enacted public act sits on the cusp of passing the legislature and could pass in the current overtime session. House Bill

1560 would clean up an impending law, scheduled to take effect July 1, which requires dealers to provide a 15-day/500 miles implied warranty on most used vehicles.

Legislators revisited the implied warranty rule to make clear what components would be covered by the warranty and where the boldfaced statement referencing the warranty should appear among all the paperwork presented to a customer at closing.

Some companies which produce forms have been printing revised paperwork for months, to be ready for the July 1 implementation of the rule. However, House Bill 1560, if passed, would allow the warranty disclosure to appear either

in the body of the purchase agreement or on a separate disclosure form. It also clarifies the power train components involved in the implied warranty. Further, if a dealer offers a used-vehicle warranty that provides equal or greater coverage than the new statute outlines, the new disclosure would not have to be included in paperwork.

But the legislation does not delay the original July 1 effective date, even though the governor would have 30 days to approve or veto it.

The bill which passed has been reported several times in this newsletter during the General Assembly’s current session. Among other changes to the IL-

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OSHA delays injury, illness electronic reporting date

The Occupational Safety and Health Administration is delaying the July 1, 2017, deadline by which certain dealerships must electronically file their 2016 employee workplace injury and illness records.

Dealerships required to report electronically by filing Form 300A or equivalent include:

- Commercial truck deal-

erships with 20 to 249 employees at a single “establishment.” “Establishment” is defined by OSHA as a single location where business is conducted or where services or industrial operations are performed.

- Light-duty and commercial truck dealerships with 250 or more employees at a single “establishment.”

Note that light-duty deal-

erships with fewer than 250 employees at a single “establishment” are required to record workplace injuries and illnesses, but are not required to submit Form 300A to OSHA.

Until a new deadline is announced, covered dealerships should not file any Form 300As. OSHA may be considering the possibility of

SEE OSHA, PAGE 2

Chicago to host Digital Dealer June 6 and 7

The upcoming Digital Dealer Workshops, June 6-7 at McCormick Place, will feature the most progressive educational content found anywhere in the automotive industry. Attendees can learn how to build specific solu-

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Legislation

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linois franchise act, it would prohibit a manufacturer from demanding a dealership remodel twice within 10 years.

It also would prohibit manufacturers from forcing a dealer to use a manufacturer-designated vendor for building-improvement materials if the dealer can find substantially similar materials at a lower cost.

The bill also would require a manufacturer to consider local factors in the dealer's market area when evaluating a dealer's sales performance as part of the termination process, and it would halt the manufacturer from exercising a right to buy the franchise from a selling dealer unless several steps are taken.

Further, Senate Bill 1687 would forbid a manufacturer from rescinding sales incentives paid to a dealer whose customer exports a vehicle out of the country, unless the manufacturer can prove that the dealer knew or should have known that the vehicle would be exported.

Workshops

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tions for their dealerships at 40-plus intensive workshops led by top dealership executives, trainers, and consultants.

In one of the workshop's two Keynote Addresses, hear firsthand from Eric K. Gail, CEO of an industry-leading and award-winning automotive group with 19 locations. He will discuss how his group and others have defined mastery within Brand Loyalty, Sales, Finance, Fixed and Marketing operations.

Gain compelling insights and immediate-actionable-items, which will provide recurring gains in unit sales, transaction gross and net profit; while defining and achieving a fortress-balance sheet operating model.

Don't miss this opportunity to fuel your dealership with the latest digital strategies & solutions from the country's top dealership leaders and technology-focused providers. Also, CATA members will save \$200 off registration with promotion code DDWSCATA.

Full details are at www.digitaldealer.com.

OSHA

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doing away with the electronic reporting mandate altogether.

For more information on existing federal injury and illness recordkeeping and reporting mandates, visit the National Automobile Dealers' injury and illness recordkeeping page, or contact NADA Regulatory Affairs at regulatoryaffairs@nada.org.

CATA donates to Loaves & Fishes car program

Through its Chicagoland Dealers Care program, the Chicago Automobile Trade Association in May donated \$1,500 to the Loaves & Fishes "CARES" car program, which provides transportation to working individuals in need.

In addition to its car program, the Naperville-based Loaves & Fishes serves the DuPage community by providing high-quality healthy food, preventative care, educational opportunities, and wellness services to local individuals who live in poverty.

The CATA created the Chicagoland Dealers Care program in 2008 to build upon the charitable efforts of the association's dealer members within their local communities. Continental Motors applied to the CATA for the recent donation. Over the last six years, the Continental Motors family of dealerships has donated eight cars annually to Loaves & Fishes — a value of \$40,000 each year.

"It's not a surprise that Continental Motors has invested so much in an organization that betters its community," said CATA Chairman John Hennessy. "This showcases the vital role that CATA dealerships play to help support those within their areas of business."

Joel Weinberger, dealer principal of Continental Motors of Naperville and Continental AutoSports, said he views his relationship with Loaves & Fishes as mutually beneficial because his donation is positively impacting his dealership's community.

"We are so happy to work with such a great community partner like Loaves & Fishes," Weinberger said. "Their 'CARES' program enables us to match cars that we donate each year with individuals whose lives will really be transformed by having reliable transportation."

The CATA Bulletin is produced by the
Chicago Automobile Trade Association
18W200 Butterfield Rd. Oakbrook Terrace, IL 60181-4810

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

Debate on mileage rules revs up in U.S. Senate

Legislation in the U.S. Senate would allow automakers to apply credits for auto pollution reduction earned after the 2009 model year to help meet federal emission standards for the model years between 2016 and 2021.

Federal auto emission rules require automakers to produce car and truck fleets that average about 41 miles per gallon by 2021. Under the current rules, deficits in fuel economy can be addressed with credits from future years or purchased from other auto companies. Credits also can be “banked and carried forward for up to five years, or carried back up to three years to cover a deficit in a previous year” under the emission rules.

Backers of the bill say the measure, known as the Fuel Economy Harmonization Act, addresses long-standing conflicts between the National Highway Traffic Safety Administration’s Corporate Average Fuel Economy program and the U.S. Environmental Protection Agency’s Greenhouse Gas emissions programs, which the Obama administration announced in 2009 would be managed as one program.

The measure’s supporters say the change will help “streamline” federal emission standards by addressing conflicts in existing rules that are enforced by the NHTSA and the EPA. Environmentalists and consumer advocates argue the measure would weaken U.S. gas mileage rules by allowing automakers to get credit for previously achieved mileage improvements.

“The conflicting fuel economy standards that are currently in place at NHTSA and EPA drive up manufacturing costs, which are ultimately passed on to consumers,” said U.S. Sen. Roy Blunt, R-Mo., who sponsored the legislation. “This bill gets us closer to one national fuel economy standard program that meets the goals of both the NHTSA and EPA programs in a less costly, more efficient way. It is a bipartisan, commonsense step we can take to lower costs and boost U.S. auto manufacturing.”

The Washington, D.C.-based Alliance for Automobile Manufacturers, said the measure would help to fulfill regulators’ promises to “harmonize” the NHTSA and EPA fuel economy rules to prevent consumers from having to pay higher prices for cars.

“Automakers commend the sponsors of this bipartisan legislation for seeking to better align to government programs to avoid unnecessary costs that ultimately are paid by consumers,” said the group, which lobbies for automakers in Washington. “We urge Congress to pass this legislation as soon as possible to help keep automobiles affordable to the widest range of customers.”

Environmentalists and consumer advocates painted a starkly different picture of the legislation, arguing it is an attempt to weaken federal emission standards that automakers have wanted to weaken for years.

“This bill is another step in the automakers’ push to roll back clean car and fuel economy standards that are reducing pollution and saving drivers money at the pump,” Rhea Suh,

president of the Natural Resources Defense Council, said in a statement.

“By providing windfall fuel-economy credits to automakers, this bill undercuts current investments in advanced, clean-car technologies that are driving innovation and job growth in the auto industry.”

Shannon Baker-Branstetter, policy counsel for the Consumers Union, the policy and mobilization division of Consumer Reports, added: “Americans who depend on larger vehicles and trucks for work or family needs would suffer most. Our research has shown that under current standards, truck and SUV owners would save \$4,800 over the life of their vehicle. These savings are likely to be much lower if this draft bill is approved.”

The fuel-mileage rules at issue are part of federal regulations that were implemented by the Obama administration in 2012 that require automakers to produce car and truck fleets averaging more than 50 miles per gallon by 2025.

President Donald Trump’s administration is reviewing the mileage rules for the model years between 2022 and 2025 after reversing course on a decision by the Obama administration to finalize the rules ahead of schedule in the former president’s final weeks in office.

Under the current regulations, automakers face fines of \$5.50 for each one-tenth of a mile-per-gallon that their average fuel economy falls short of the standard for a model year, multiplied by the total volume of vehicles sold.

CATA annual golf outing June 13 at Cog Hill

Register now to be part of the association’s annual gathering. Enjoy a round of golf with cart, lunch and dinner for a great rate: \$95 for dealers and \$125 for allied members. Dinner-only tickets also available. Full details at www.cata.info.



More dealers wanted for USO barbecue fundraiser

More than 60 area dealers already have committed to hosting a barbecue fundraiser for the USO of Illinois on July 15, and there still is time to join the cause.

Dealers who call the CATA to register, at (630) 495-2282, will receive materials to help them promote their involvement and ideas to help make their event a success.

All the funds are used for USO programs that support deployed troops, military families, wounded, ill and injured troops and their caregivers, and families of the fallen.

CATA officials coordinating the barbecues hope to cross the half-million-dollar mark this summer in funds raised for USO of Illinois, after raising about \$420,000 for the nonprofit over the past four Julys.

Chicago has been the only market in recent years where dealers have hosted USO Barbecue for the Troops events, but NADA Chairman Mark Scarpelli, a dealer principal

in Antioch, is encouraging dealers across the country to host an event on July 15.

Some of the planned fundraising activities include:

- Car Wash, with dealers asking for donations
- Lunch special for employees and their families and friends. They can leave the brown bag at home and eat in, to support the troops
- Cornhole/Bags Games. No American barbecue is complete without a cornhole/bags tourney!



Speedway to host job fair for auto/collision students

Dealership managers can meet an anticipated 1,000 college and high school automotive/collision students and Chicago area military veterans who are seeking employment at the 3rd annual Cars, Careers & Celebrities Expo, Sept. 15 at the Chicagoland Speedway in Joliet, during NASCAR weekend.

The event is being hosted by the Collision Repair Education Foundation and ASE, with attendees taking over the racetrack's hospitality village that afternoon during the career fair/trade show. About 50 companies are expected to participate.

For participation and sponsorship information, contact Education Foundation Director of Development Brandon Eckenrode at (847) 463-5244 and Brandon.Eckenrode@ed-foundation.org.

Proceeds from the expo will assist the Collision Repair Education Foundation, a 501c3 not-for-profit organization that provides additional support to high school and post-secondary collision school programs, students, and instructors.

As other car sales slump, hatchbacks stage comeback

While cars sales plummet and buyers switch to SUVs, the underappreciated hatchback body style is enjoying a minor renaissance as a rush of new models go on sale.

In 2017, compact and subcompact car sales are down 25 percent. But hatchbacks in those classes have risen 16 percent. A rush of new models will test the strength of that demand.

"Hatchbacks are the nugget of hope for the small car segment," Ford sales analyst Erich Merkle said.

It's been a truism in the auto industry for decades that Americans don't want hatchbacks. The body style never seemed to recover from the bad first impression it made long ago with models such as the Chevrolet Chevette, Dodge Omni and Ford Pinto. Weak sales of more re-

cent introductions seemed to support the theory.

Through it all, Ford kept the faith, and its persistence may be paying off.

"Ford's been in the hatchback small-car sector since we introduced the Fiesta in 2010 and the Focus hatch shortly thereafter," Merkle said. "They've both been strong."

Hatchbacks account for about a quarter of industry small car sales. The Fiesta and Focus outperform that significantly at 33 percent and 40 percent, respectively. Other automakers hope to equal Ford's experience as they rely on hatchbacks to offset the drop in sales of their compact and subcompact sedans.

Chevrolet, Honda, Hyundai and Subaru all have new hatchbacks, in addition to

longstanding players like the Volkswagen Golf and Mazda 3.

"They're currently enjoying their own little renaissance," buying guide website KBB.com's editors wrote in a recent comparison of several hatchbacks. "With this year's introduction of the Chevrolet Cruze Hatchback, Honda Civic Hatchback and Toyota Corolla iM, compact car shoppers now have nine hatchbacks from which to choose.

"You don't have to give up the efficiency and affordability of a mainstream compact car to get SUV-like cargo versatility."

That versatility has long made hatchbacks a favorite in Europe, where hatchbacks' combination of modest overall length and generous cargo space is a major selling point.

Reminder: The ballots for CATA dealer members voting in this year's board of directors election must be received by Crowe Horwath by 12 p.m. June 9.