



# CATA Bulletin



a biweekly newsletter

Volume 104, No. 7

April 9, 2007

## Business groups joining against governor's gross-receipts tax plan

Business groups in Illinois continue to mobilize against the governor's plan to impose a gross-receipts tax that many insist would be a death knell for commerce and heavily burden consumers as the end users of products and services.

In seeking support for his controversial measure, Gov. Rod Blagojevich on March 30 offered \$1 billion in property tax relief by increasing the tax rate he first proposed for the gross-receipts tax. But few state lawmakers publicly supported the original idea, and it is questionable whether they would embrace the new plan at even higher rates.

Under the now \$7.6 billion proposal, businesses would be taxed 0.85 percent on any merchandise they sell and 1.95 percent on any service they perform. Blagojevich first sought to raise \$6 billion in new money with assessments of 0.5 percent and 1.8 percent, respectively.

The Chicago Automobile Trade Association has joined an alliance, the Illinois Coalition for Jobs, Growth & Prosperity, and is helping to fund a \$1.8 million television and radio campaign to derail Blagojevich's plan with mes-

sages that the levy ultimately will be borne by individuals, not by large corporations, as the governor has portrayed the tax.

The CATA also is participating with the Illinois Chamber of Commerce and other groups in several forums with state lawmakers, including in Downers Grove on April 16, where the public can convey their impressions of the gross-receipts tax to state legislators.

Many local governing boards have weighed in on the measure. The Cook County Board is debating a resolution that urges Blagojevich "to abandon this draconian tax proposal and work with members of the Illinois General Assembly to devise a more practical means of funding state operations."

Industry analysts estimate that hundreds of franchised new-vehicle dealers in Illinois would be forced to close by a tax that comes off the top of what an employer takes in, whether the company is making a profit or losing money. Dealers are urged to contact their state lawmakers to share their concerns of the impact.

The CATA on March 29 mailed its dealer members a worksheet for them

to calculate how much a gross-receipts tax would impact them. Dealers could turn to their state lawmakers with real numbers about the impact. The CATA also offered sample letters that dealers and their employees can send to their representatives in Springfield.

Workers must emphasize that if their company closes, they will lose their job and their employer-supported health care. Also, although the tax is being sold to the public as one that only impacts big businesses, the costs of the tax will be passed along to consumers regardless of income, thus making it a regressive tax that hurts everyone, particularly those with limited means.

State senators and representatives are in recess this week and likely can be reached at their district offices. Lawmakers and their contact information can be found through the CATA Web site. From the site's home page, <http://cata.drivechicago.com>, see "Legal/Legislative" along the black bar at the top of the screen. From the category's drop-down menu, click "Who's My Legislator?" The subsequent link to the Illinois State Board of Elections en-

SEE **GROSS-RECEIPTS TAX**, PAGE 3

### DOC fee bill awaits House passage

Legislation to boost to \$150 the base documentary that Illinois dealers could charge continues to await a third roll call in the House, after two positive readings. If it succeeds again, it would advance to the Senate for consideration.

House Bill 1657 passed a second reading

March 13. The chamber is recessed until April 17.

Dealers in at least 30 states reportedly are permitted to charge \$400 to \$900 in DOC fees, to help them comply with the escalating number of federal and state regulations.

## Cizek to lead Oak Brook Chamber



**Jerry Cizek**

Jerry Cizek, president of the Chicago Automobile Trade Association, was installed March 15 for a one-year term as chairman of the Greater Oak Brook Chamber of Commerce. The CATA office is in Oakbrook Terrace.

Cizek leads a 14-person board of directors and more than 250 members of the area's business community who are interested in attract-

ing and retaining businesses to the area.

The chamber marks its 40th anniversary in 2007 by launching new efforts in the areas of commercial development, government affairs and technology. For instance, chamber leaders are working with local municipal officials to find funding to widen the roadway of a robust stretch of commerce: 22nd Street in Oakbrook Terrace.

Chamber members also discuss improved traffic flow in the area and legislative issues that impact them, including Gov. Rod Blagojevich's recently proposed gross-receipts tax. The Village of Oak Brook also is considering a sales tax increase.

## Scarpelli seeks 3rd term as NADA director for Metropolitan Chicago

Nominating ballots for NADA directors will be mailed about April 27 to dealers in Cook, Lake and DuPage Counties. Ray Scarpelli Sr., incumbent director for Metro Chicago and principal of Raymond Chevrolet and Kia in Antioch, and Ray Chevrolet and Suzuki in Fox Lake, is seeking re-election.

Scarpelli, first elected in 2002, seeks a three-year term to represent dealers in those three counties. Richard Gregg, the NADA director who represents dealers in Illinois's 99 other counties, would be up for re-election next year.

Nominating ballots must be returned not later than May 18 in the pre-addressed, postage-paid envelope that will accompany the ballots. Ballots returned after that date will not be counted.

The names of all nominees who appear on at least 10 percent of all ballots cast shall be placed on election ballots. Those election ballots would be sent to dealers about 15. If only one candidate receives at least 10 percent of the votes on nomination ballots, that nominee shall be declared elected without further balloting.

Scarpelli serves on the NADA's Industry Relations Committee, which he said has persuaded manufacturers to listen more to dealer concerns. Scarpelli also is part of the Dealership Operations and the Public Affairs committees.

## Customer information via Internet must be encrypted, FTC warns

The Federal Trade Commission reportedly is investigating a dealership that failed to secure the personal information of credit applicants when it e-mailed the information to others using unencrypted text. The data was collected from online credit applications.

The FTC Safeguards Rule requires that dealerships protect customer information that is physically maintained at the dealership and any personal information that dealers "access, collect, distribute, process, protect, store, use, *transmit*, dispose of, or otherwise handle . . ." (emphasis added)

Dealers should consult the NADA publication, "A Dealer Guide to Safeguarding Customer Information," available by calling the NADA at 800-252-6232, ext. 2. The publication offers guidance that includes:

"[With regard to] the transmission of customer credit applications over the Internet, you should ensure that the program application you use encrypts the data or otherwise transmits it in a secure manner to the bank or finance company. If you are submitting the customer's application over the Internet, you should ensure that the information displayed on your computer screen is not visible to others who

are not authorized to have access to this information."

Dealers also can consult an FTC publication, "Financial Institutions and Customer Information: Complying with the Safeguards Rule." The publication, updated in April 2006, is available online at [www.ftc.gov/bcp/online/pubs/buspubs/safeguards.pdf](http://www.ftc.gov/bcp/online/pubs/buspubs/safeguards.pdf).

The dealership under FTC investigation is not in Illinois.

The CATA Bulletin is published by the  
**Chicago Automobile Trade Association**  
 18W200 Butterfield Rd. Oakbrook Terrace, IL 60181-4810  
 630-495-CATA [2282] phone 630-495-2260 fax

The CATA Bulletin is published and mailed every other Friday except during the Chicago Auto Show, when it is not published.

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

Review past editions dating to 1998 or search by subject at <http://cata.drivechicago.com/>

**Jerry H. Cizek III** President, Publisher  
**Erik K. Higgins** Editor, Director of Dealer Affairs

## NHTSA pushes Bush CAFE plan on Hill to skeptical Congress

By Ray Scarpelli Sr.

METRO CHICAGO NADA DIRECTOR

National Highway Traffic Safety Administrator Nicole Nason recently testified before the energy and air subcommittee of the House Energy and Commerce Committee about President Bush's plan to increase fuel efficiency by boosting fuel economy standards an average of 4 percent beginning in 2009.

Bush has proposed new rules to reduce projected annual gasoline consumption in the U.S. by 8.5 billion gallons, a goal he highlighted in January during his State of the Union address. To meet that goal, he has touted an attribute-based system for cars similar to the current fuel-efficiency rule for light trucks.

One aspect of the plan, criticized by lawmakers on both sides of the aisle, is to allow automakers to trade fuel efficiency credits, such as electric utilities trade sulfur dioxide credits in the EPA's acid rain program. In the coming months, both the House and the Senate will hold numerous hearings on climate change and fuel efficiency.

### In other legislative news:

With new bills addressing total-loss disclosure legislation introduced in both the House and Senate, co-sponsors are needed to help advance the bills through the legislative process. With a substantial show of support, Capitol Hill leaders are more likely to move the legislation to the floor. The bills,

Senate Bill 545 and House Resolution 1029, ensure that the VINs of wrecked, flooded, or stolen vehicles are made publicly available before the cars are resold.

More information on total-loss disclosure, the corresponding legislation, and ways to contact your members of Congress can be found at: <http://www.NADA.org/tld>.

### In NADA news:

- NADA President Phil Brady was elected chairman of Automotive Youth Educational Systems (AYES). He succeeds General Motors Chief Executive Rick Wagoner. Brady was elected at the recent meeting of the board of directors for AYES, a partnership of automotive manufacturers, dealers, and schools to encourage young people to consider automotive technician careers and prepare them for such positions.

"My priority will be to increase dealer participation and involvement in AYES," said Brady. AYES helps dealers find their next generation of technicians, young people jump-start their careers, and customers get better service from well-trained employees. Among the initiatives planned this year is a new long-distance Web-based program primarily for dealers in areas without an AYES school nearby. The NADA is a founding member of AYES, and nearly 4,000 auto dealers support the organization.

- The NADA has received reports that the Federal Trade Commission is investigating whether a dealership violated the FTC Safeguards Rule by

allegedly e-mailing customer information on a credit application to others without encrypting or otherwise securing it. Dealers are reminded that the Safeguards Rule requires dealers to protect not just customer information physically within the dealership, but also customer information that dealers "access, collect, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle. . . ."

For additional information, dealers should consult the NADA's A Dealer Guide to Safeguarding Customer Information and the FTC's recently updated compliance guidance on the Safeguards Rule at [www.ftc.gov/bcp/conline/pubs/buspubs/safeguards.pdf](http://www.ftc.gov/bcp/conline/pubs/buspubs/safeguards.pdf).

- Register now to reserve one of the remaining seats available for the Dealer Academy Successors' class in May. Also, get on board for the General Managers' class, which begins in September. The Dealer Academy program combines six class sessions (lasting one week every other month, with individual focuses on major dealership departments). Classes are taught at NADA headquarters in McLean, Va. Join the ranks of the nearly 6,000 graduates of the Dealer Academy programs. For an application or more information, please call 800-252-6232, ext. 5.

And please contact me at 847-395-3600 if you think the NADA can help you with your business concerns.

## Gross-receipts tax

CONTINUED FROM PAGE 1

ables searchers to enter a street address to identify their elected officials.

Several states over the years instituted a gross-receipts tax, although their scope and size were a fraction of what

Illinois would collect. Nearly all the other states have since retracted the policy of taxing each time a business takes in revenue, regardless of profitability.

"This is pretty cool for Indiana," said John Mikesell, professor of public finance at Indiana University. "A lot of us are rooting for Illinois to pass the thing because there will be so many opportunities to study the adverse impact on the Illinois economy."

*Reminder:***Disclosure statement needed when selling rebuilt vehicle**

Be advised that Section 5-104.3 of the Illinois Motor Vehicle Code provides that no person shall sell a vehicle for which a rebuilt title has been issued unless the vehicle is accompanied by a Disclosure of Rebuilt Vehicle Status Form, properly signed and delivered to the buyer.

The Secretary of State has been given the authority to prescribe the format of information contained on that form. The example, right, is the form prescribed by the Secretary of State.

The CATA can fax dealers a copy of the form if they need it. Call Erik Higgins at 630-495-2282.

**Congratulations!**

Six area dealers, including **Phillips Chevrolet** in Frankfort, are among 100 named as part of the 2006 inaugural GMAC Leaders' Club. The five other area dealers were identified in the March 26 edition of this newsletter. Phillips Chevrolet also is the only Illinois dealership to receive Chevrolet's "Genuine Leaders Award," for outstanding sales and customer satisfaction, for 10 consecutive years.

Nissan's 2007 "Owner First Award of Excellence" was bestowed upon six area dealers, including **Arlington Nissan in Buffalo Grove, Continental Motors (Countryside), Gerald Nissan (Naperville), Gerald Nissan of North Aurora, Glendale Nissan (Glendale Heights), and Bill Kay Nissan (Downers Grove).**

**Patrick Cadillac** in Schaumburg and **Weil Cadillac** in Libertyville were named 2006 Cadillac SFE Platinum Performers, a distinction for the top 75 Cadillac dealers in the United States based on the carmaker's Standards for Excellence Program.

**New NADA program helps dealers recruit former student-athletes**

The NADA has joined with the Collegiate Recruitment Team, which helps former NCAA student athletes find jobs, to help dealers find and retain talented workers for their dealerships. The graduates hold degrees in Business, Finance, Communications, Accounting and other emphases.

For a one-time \$25 fee, dealers can advertise for an unlimited number of open positions on the CRT Web site, [www.crtjobs.org](http://www.crtjobs.org). Go to that site to register.

**Disclosure of Rebuilt Vehicle Status**

Seller: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Buyer: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Vehicle Information:	Year	Make	Model
	VIN		Title #

The above vehicle carries a Certificate of Title showing it to be a **REBUILT VEHICLE**. The Illinois Vehicle Code defines a **REBUILT VEHICLE** as: "A vehicle for which a salvage certificate has been issued and which subsequently has been put back into its original or operating condition by a licensed rebuilder and which has met all the requirements of a salvage vehicle inspection." (625 ILCS 5/1-168.1)

**Acknowledgement by Purchaser** \_\_\_\_\_ **Date** \_\_\_\_\_

**Acknowledgement by Seller** \_\_\_\_\_ **Date** \_\_\_\_\_

**Under penalty of law, this form must be completed prior to consummation of the REBUILT VEHICLE sale.**  
**(625 ILCS 5/5-104.3)**

*(Make copies as required)*

SOS DOP-115

**Marketplace**

**Office Manager/Controller** Hands-on self-starter with proven accounting, organizational and administrative skills, who believes in the team concept. Other strengths: communication, cross-training, employee motivation. North or Northwest suburbs preferred. James Bouvat, 847-445-0199.

**Parts Manager** 30 years parts department experience, 25 years as supervisor. Create, oversee \$150K parts department with 48 percent shop gross, 28 percent wholesale gross. Inventory turns three times a month. Five-time Master Certified Parts Manager, six-time Lincoln-Mercury Medallion Parts Manager. Certified in ADP, UCS systems. Paul Degrassi, 630-301-4712.

Résumés of both candidates on file at the CATA.