



CATA Bulletin

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FTC offers training on Safeguards Rule

A 60-minute compliance-training seminar for financial institutions, including dealers, on the new Customer Information Safeguards Rule will be offered by the Federal Trade Commission June 9 and June 23. Compliance with the rule took effect May 23.

The sessions will be conducted in Washington, D.C., but participation is available by telephone. Advance registration is unnecessary. Instructions on how to dial in to the sessions will be posted at www.ftc.gov one day in advance of each presentation.

The June 9 program is 10-11 a.m. The June 23 program is 2-3 p.m. For more information on the program, call the FTC at 202-326-3224.

The FTC is the governmental arm that enforces compliance with the Safeguards Rule.

The NADA tailored a summary of the rule for dealers that mailed in late March. Additional copies of "Safeguarding Customer Information" can be ordered for \$25 each by calling the NADA at 800-252-6232 ext. 2.

The Safeguards Rule is the second phase of the Gramm-Leach Bliley Act, or the Privacy Act, which took effect in July 2001.

Dealer license fee hiked as part of state's spending plan; pickups on LSD still a no-no

As May 31 passed to June 1, the Illinois General Assembly approved the state's \$52 billion spending plan that includes a fee increase to \$1,000 for new- and used-vehicle dealer licenses, up from \$100 for new, \$50 for used.

The increase was offered to Gov. Rod Blagojevich by the CATA and the IADA to satisfy Blagojevich's hunt for revenue to plug the state's \$5 billion budget deficit. The money raised by the fee increase equals the amount Blagojevich estimated he could collect by assigning a Use Tax to service loan-

ers, sales demonstrators, test drive vehicles, driver's education vehicles, vehicles loaned to charities, parade vehicles and parts trucks.

The paperwork blizzard that would have ensued under the governor's plan is thus alleviated by the fee increase payable each December when dealers apply for the annual licenses.

Legislators passed another plan of the governor that would cost truck dealers: eliminating the exemption on the 6.25 percent "rolling stock" sales tax

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Bush tax cut increases expensing of business-use trucks

The federal government's third-largest tax cut ever, signed May 28 by President Bush, impacts business expensing and depreciation treated in Section 179 of the Tax Code.

Small businesses may expense \$100,000 (up from \$25,000) of new equipment purchases annually for property placed in service beginning in taxable years 2003, 2004 and 2005. In addition, the bill increases the Section 179 phaseout threshold for new equipment purchases from the current \$200,000 to \$400,000 in those years.

Under this provision, a small business has the ability to immediately expense (up to \$100,000) business-use SUVs, trucks and vans with a gross vehicle weight of more than 6,000

pounds.

Bonus depreciation

All businesses may take a 50 percent depreciation deduction, up from 30 percent, for new equipment and other capital investments made after May 5, 2003, and before Jan. 1, 2005.

Under the provision, a business may take a first-year, 50 percent bonus depreciation for new passenger automobiles, SUVs, trucks and vans.

For such vehicles with a gross weight less than 6,000 pounds, and for new passenger automobiles of less than 6,000 pounds unloaded gross vehicle weight, the first-year depreciation limit for those vehicles, in the case of 50 percent bonus depreciation property, is \$10,710.

Clarification

Art Kelly, an AIADA director, wrote in the May 26 edition of this newsletter about the importance of the AIADA. The comments, he said, were not an affront to the NADA.

"I was not clear in expressing my thoughts, which left some readers with the idea I was negative about the NADA," Kelly said. "That is not true.

"I was an NADA director for seven years and know firsthand all of the hard work the NADA does for all new-car dealers. The intention in the last newsletter was to point out the hard work the AIADA does on our behalf, too.

"We need both organizations working hard for us."

Congratulations!

All eight area Lexus dealerships earned the carmaker's 2002 "Elite of Lexus" award for dedication to sales, service and customer satisfaction. The dealerships are **Arlington Lexus in Palatine, Bredemann Lexus in Glenview, Lexus of Highland Park, Lexus of Orland (Tinley Park), McGrath Lexus of Chicago, McGrath Lexus of Westmont, and Woodfield Lexus (Hoffman Estates).**

Lincoln Mercury Division congratulated four local dealers who joined the Lincoln Mercury 2002 President's Premier Club for outstanding achievement in sales, market share and certification. They are **Al Frisch of Highland Park Lincoln Mercury; Norman Zimmerman of Schaumburg Lincoln Mercury; Terry Kunes of Terry's Lincoln Mercury, Orland Park; and John Moroni of Westgate Lincoln Mercury, Lombard.**

Toyota Fleet saluted dealers who supported the Toyota Executive Delivery program with top fleet customer satisfaction. Local dealers are **Continental Toyota, Countryside; Grossinger Toyota, Lincolnwood; Grossinger City Toyota, Chicago; Libertyville Toyota; Lombard Toyota; Midtown Toyota, Chicago; Oakbrook Toyota, Westmont; and Toyota of Naperville.**

Hybrids to account for 5% of vehicle sales by 2013: J.D. Power

Hybrid electric vehicles total less than 1 percent of the market today, but sales will cross that threshold by 2005, with trucks accounting for more than one in three hybrid sales, according to forecasts by J.D. Power and Associates.

Hybrid vehicles made their U.S. debut in 1999 with the Honda Insight, and the Toyota Prius and Honda Civic Hybrid followed. The first SUV hybrid, the Ford Escape, and the first full-size pickup hybrids—a Chevrolet Silverado and GMC Sierra—will reach commercial fleets later this year and dealers in early 2004.

"The biggest limiting factor on sales is that up until now, the hybrid engine option has been offered only in compact cars," said Walter McManus of J.D. Power. "That's about to change, and when it does, we'll see sales increase dramatically."

Hybrid vehicle sales totaled 38,000 units in the United States in 2002. That number is forecast to grow to 54,000 units this year.

"We know, based on our studies," McManus said, "that consumers express interest in a hybrid powertrain option in the same segment as their current vehicle. Once those vehicles are available, and in most cases that will be pretty soon, hybrid sales could take off."

Time Magazine Quality Dealer Award

Consider nominating a fellow dealer—or yourself—for consideration as the CATA's nominee for the 2004 Time Magazine Quality Dealer Award. See the flyer in this newsletter for details, and use the flyer to submit your nomination.

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Review past editions or search by topic at www.cata.info/

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CATPAC

Your bullhorn to get the ear of elected officials

In Chicago visit, Ford President Sheele steady on year's sales forecast

Chicago's ties to Ford Motor Co. reach to the company's origins. In fact, a 1909 tour of the city's meatpacking plants gave Henry Ford his idea of a moving assembly line.

In advance of this week's centennial celebration of the founding of Ford, Chief Operating Officer Nick Sheele visited Chicago in May to discuss the state of the auto industry, and Ford's place in it.

The economy "is in a bit of a rough patch," said the

native of Essex, England. "Sales are sluggish. Ford forecast 16.5 million sales this year, and we've stuck with that forecast. We're not expecting a huge slowdown."

Sheele said the industry has grown ever more competitive in recent years, with carmakers expanding to new segments—a Porsche SUV, a front-wheel-drive BMW, a \$100,000 Volkswagen model. But Sheele said Ford greets the challenge.

"Great new products have

made us what we are, and great products will lead us into the future. Our history has been defined time and again by passion and commitment," he said.

In all, 65 new Ford, Lincoln and Mercury products will be unveiled in the next five years, Sheele said. He compared Ford's quickened product development cycle to a tsunami, a tidal wave barely noticeable above water as it moves across the sea.

"We've been quietly re-vamping, but now we're go-

ing to crash upon the shoreline," said the Ford COO.

Sheele said the Lincoln and Mercury lineups would be completely revamped over the next three years, with Lincoln venturing into two new product segments.

"From our customers' perspective," he said, "this is a great time. Ford vehicles offer more choice, with more features, and are safer and more efficient. And the cost of buying is trending down, making automobiles the most affordable since 1978."

Legislature

CONTINUED FROM PAGE 1

on the purchase of trucks and other vehicles used in deliveries. The exemption continues for airlines and railroads.

All states that border Illinois offer the exemption, and opponents of the measure argued that taxing truck dealers would move businesses and jobs to those neighboring states.

New fee increases include:

New Dealer fees. An annual license now costs \$1,000 for an applicant's established place of business and \$100 for each additional place of business, up from \$100 and \$50, respectively. For applications after June 15 of any year, the license fees are \$500 and \$50, up from \$50 and \$25.

Dealer temporary permit fees. Beginning July 1, the fee for a short-term permit (7 days) increases from \$6 to \$10, with \$4 going to the General Revenue Fund.

Dealer Drive-a-way permits. Fee

increases July 1 from \$6 to \$10.

Personalized license plates. Effective January 1, 2004, applicants for personalized plates shall be charged \$47. To renew, add \$7 to the regular renewal fee.

Tire retailer tax The tax to customers increases July 1 from \$1 to \$2.50, 50 cents of which goes to the state's Emergency Public Health Fund.

One-trip permits The fee to transport 30 vehicles increases July 1 from \$6 to \$10.

Vanity plates redefined. The plates were reclassified to include the following sequences:

- 1-7 letters and no numbers.
- 1, 2, or 3 numbers and no letters.

The General Assembly adjourned until the fall veto session after moving several bills to the governor's desk. The CATA-initiated measure to permit pickups on Chicago's Lake Shore Drive was not among them; that bill withered in committee. Blagojevich will consider:

- An act to reduce the length of time

to release a vehicle's security interest. Within 21 days after receipt of payment in satisfaction of a security interest, a release of the security interest must be executed and the certificate of title delivered to the proper person (rather than within 10 days after demand or within 30 days after payment is received).

Bill also provides that the time limit is reduced to 10 days if the payment is received in the form of cash, cashier's check, or money order. Bill further provides that, in addition to any other penalty, a lienholder who fails to meet the new requirements is liable to the person or entity that was supposed to receive the release or certificate for \$150 plus reasonable attorney fees and court costs.

- An act to permit police to stop a vehicle whose driver is not wearing a seat safety belt. The act would be a primary offense, but officers may not search the driver, any passengers or the vehicle if the stop is solely because of a safety belt violation.

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Many allied members of the CATA are on board as sponsors of the association's annual meeting and golf outing, to help offset costs and keep participation at 1994 prices. Please express your thanks to the sponsors at the June 9 outing, and give them your consideration when doing business throughout the year.

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