



Volume 108, No. 1

January 10, 2011

## 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. The fee includes both PowerPoint slides and audio; a telephone connection is not needed.

To register for any of the DealersEdge Webinars, go to [www.cata.info](http://www.cata.info). On the tan bar across the top of the screen, click on Education/Careers and follow the drop-down menu to CATA-DealersEdge Webinars.

Coming topics:

Thursday, Jan. 13 at 12 p.m. CST

**“New ways to manage and motivate in Service & Parts”** Using creative pay plans to help manage, motivate and measure the professional performance of dealership employees is nothing new. But there are new ideas on how to use this basic motivational tool more effectively.

SEE WEBINARS, PAGE 2

*Help promote the show!*

## Materials coming for 2011, more

Materials will ship this week to all members of the Chicago Automobile Trade Association in good standing, to help them get through the coming year and to help publicize the Chicago Auto Show, Feb. 11-20 at McCormick Place. It's your show; please promote it.

Packages sent via United Parcel Service to dealer principals and company presidents include a 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 2011 Chicago Auto Show, the shipment includes:

- 4 Chicago Auto Show easel cards;
- 2 Chicago Auto Show posters;
- 1 First Look for Charity poster;
- 2 CATA member tickets good for admission throughout the auto show;
- 50 Employee Appreciation Day admission tickets, valid Feb. 10 and 13; and
- 200 discounted admission vouchers to offer to customers.

Any member who does not receive the UPS shipment by Jan. 21 should notify the CATA. The shipments are sent via UPS, so they are trackable.

The annual CATA member window decal was not completed at the time of this shipment and will be sent separately later this month.

And don't forget to purchase additional admission tickets to the auto show as well as any First Look for Charity tickets. For details, call the CATA at (630) 495-2282 or go to [www.cata.info](http://www.cata.info).

## Dealers outline job-killing regulations as new Congress convenes

Dealer advocates used the Jan. 5 opening of the 112th Congress to highlight some of the undue regulatory burdens dealers face which hinder job creation.

In a letter to new House Oversight and Investigations Committee Chairman Darrell Issa (R-Calif.), the NADA said the cumulative effect of the staggering number of federal rules has impaired dealers' ability to grow their businesses and expand their workforce.

The NADA urges action on recent fuel economy/greenhouse gas (GHG) rules, which impact vehicle cost and availability. The association notes that the joint rules adopted by the National Highway Traffic Safety Administration and the Environmental Protection Agency for model years 2012-2016 exceed congressional mandates and are duplicative.

The NADA supports the NHTSA rule and argues it would have provided a superior public policy and environmental outcome. The letter further contends that these new fuel economy mandates will force manufacturers to build vehicles whether or not there is public demand for them.

It also warns that the EPA likely will grant another pre-emption waiver for California's next fuel economy/GHG rulemaking as early as this year, an action which would further kill jobs; California is not required to consider job loss outside of California when drafting its rules.

The letter also addresses credit-related regulations, such as the Red Flags and Risk Based Pricing Notice rules, which make granting credit more costly and burdensome without providing a substantial benefit for car-buyers.

## Webinars

CONTINUED FROM PAGE 1

Review new ideas in compensation plans for your key service and parts employees. Is there a new application of the "flat rate" pay system for techs? What about service advisers- can your dealership use the adviser's pay plan to get the desired results on the service drive? How can you use pay plans to motivate performance and profits in parts? Visit with us on January 16th and pick up some new pay plan idea for fixed ops.

Thursday, Jan. 20 at 12 p.m. CST

**"Social Media in the Dealership: Developing Employee Policies"** Are social media a great marketing tool or a gigantic time-waster? Ever since Bell invented the telephone, new communication devices and systems have been troublesome for business owners and managers trying to maximize the valid business uses of these tools and minimize the temptation of employees to misuse and abuse them. Phones, fax machines, the Internet, and now Social Media: all have brought new capabilities to grow your business, but also have created employee challenges.

Thursday, Jan. 27 at 12 p.m. CST

**"Dealership Expense Evaluation and Control Process"** Sandi Jerome is a wizard at devising systems and procedures to take the complexity out of dealership accounting functions. Sandi will explain her methods for boiling down tons of expense data points to create a clear picture of just what the dealership is spending — and on what. Her method helps you get past the pulling of mountains of invoices and documentation yet still lets you accurately compare your expenses to known metrics. If you are looking for a process to take the complexity and confusion out of expense measurement and comparisons, then learn from Sandi how to get hold of that paper tiger and tame him!

## December sales end 2010 with a bang

Light-vehicle sales gained in December, closing the year at 11.6 million units and carrying momentum into a 2011 that is forecast to expand a sluggish recovery.

Automakers sold 1,144,840 units last month, up 11 percent from a year earlier, and eclipsing May's 1,103,084 sales as 2010's best month.

Over the past decade, December is on average the fourth strongest sales month of the year, but sales momentum built gradually in 2010 after demand plunged to a 27-year low of 10.4 million in 2009.

December boasted a seasonally adjusted annual sales rate of 12.6, as measured by Autodata Corp, making it the third straight month above 12 million and the highest SAAR since the U.S. cash-for-clunkers incentive in summer 2009.

Among the year-end highlights:

- The Toyota Camry was the best-selling car in the U.S. market, grabbing the prize for the ninth straight year. The No. 2 seller, the Honda Accord, last topped the list in 2001.
- The Chrysler Town & Country recaptured the U.S. minivan sales crown, outselling the Honda Odyssey 112,275 to 108,182 last year.

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

The CATA Bulletin is distributed via blast e-mail 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](http://www.cata.info).

**David E. Sloan**  
**Erik K. Higgins**

**President, Publisher**  
**Editor, Director of Dealer Affairs**

## NADA economist sees sustained sales growth in months ahead

By **RAY SCARPELLI SR.**

CHICAGO METRO NADA DIRECTOR

New-vehicle sales, a key indicator of economic growth, were strong in November and will continue to show signs of strength over the next couple of months, predicts Paul Taylor, NADA chief economist.

“Several economic factors, such as an aging U.S. fleet, strong trade-in values and an improving stock market, are helping to sustain new-vehicle sales,” Taylor said.

On average, cars and trucks on the road today are more than 10 years old. Taylor said many consumers simply will feel the need to buy a new car or truck as the mileage on their current vehicles move beyond 120,000 miles.

According to data from the NADA Guide Book, the run-up in used-vehicle prices also is pushing some shoppers into the new-vehicle market. Wholesale prices in November continued to outperform seasonal expectations.

“The used-vehicle market will remain short of low-mileage cars and trucks, which for car owners will increase their trade-in equity when buying a new vehicle,” Taylor said. “This is another key economic factor that will sustain new-vehicle sales increases in future months.”

Strong used-vehicle pricing also has improved the market for automotive asset-backed securities – a positive sign, especially for this time of year, says Jonathan Banks, executive automotive analyst for the NADA Guide Book. “We expect to see an uptick in January as used prices follow seasonal patterns and supply and demand continues to create a healthy used-car market,” Banks says.

**In other legislative and regulatory news . . .**

- Members of Congress on both sides of the aisle expressed concern over an Obama administration proposal to add **letter grades to the fuel-economy stickers** displayed on new cars and trucks. In a letter to the Environmental Protection Agency and the Transportation Department in December, 53 House members said the proposal was biased toward electric vehicles and would hurt vehicle sales.

“Changing this system to a letter grade would cause consumer confusion and tip the scales unfairly against many fuel efficient SUVs and trucks, relegating them to a C or C+ grade,” said Rep. Dale Kildee (D-Mich.).

Doug Greenhaus, the NADA’s director of Environment, Health and Safety, responded: “It is especially significant that so many members of the House Energy and Commerce Committee, which has jurisdiction over the EPA, object to the government creating another regulation when new-car buyers already have clear and visible fuel economy numbers printed on the window sticker.” And in comments to the Administration, the NADA expressed its support for an approach that retains the current label’s focus on miles per gallon and annual fuel costs.

For plug-in labels, the NADA supports displaying information on all-electric and total-vehicle range and battery charge time, but opposes a kilowatt-per-hour consumption metric.

- The NADA Opposes Sale of **E-15 ‘Gasohol’** and plans to submit comments this month to the EPA on its October decision to allow the sale of fuels with up to 15 percent ethanol. The NADA and several other organizations, including the Alliance of Automobile Manufacturers and the Association of International Automobile Manufacturers Inc., also oppose the move, saying allowing the sale of E-15 “gasohol” poses a risk of reduced

engine and fuel system performance or, worse, permanent damage.

For several years, most light- and medium-duty gasoline-engine motor vehicles sold and serviced by dealerships have been designed to accommodate gasohol blends containing a maximum of 10 percent ethanol, with some dual- and flexible-fueled vehicles designed to use E-85, a gasohol blend containing 85 percent ethanol.

“The NADA consistently has raised concerns about the negative impact that unreasonable fuel mandates and poor fuel quality can have on vehicle performance and customer satisfaction,” says the NADA’s Greenhaus. “The NADA opposes rules which may result in the use of fuels in engines for which they were not designed.”

**In other NADA news . . .**

- Advance registration for the 2011 **NADA Convention & Expo** in San Francisco is up 15 percent compared to the same time last year. All but two hotels have sold out, and the expo floor is full. “Participation in the NADA convention is often a bellwether for the overall health of the auto industry, and the brisk registration is just another sign the industry is making a comeback,” says Jack Caldwell, chairman of the NADA’s convention committee

- The NADA’s **Dealers Election Action Committee** has elected the following 2011 DECA officers: Jack Tulley, NADA director from New Hampshire (chairman); Gary Reynolds, NADA director from Connecticut (vice chairman); Jack Kain, NADA director from Kentucky (secretary-treasurer); and Bill Fox, NADA director from New York state (finance chairman). Of note, 86 percent of DECA supported candidates won their races in last November’s elections.

## IRS finalizes rules for small employers to follow on new Health Care Tax Credit

The Internal Revenue Service has issued final guidance for small employers who are eligible to claim the new Small Business Health Care Tax Credit for the 2010 tax year. Instruction for filling out Form 8941 is at [www.irs.gov/pub/irs-pdf/i8941.pdf](http://www.irs.gov/pub/irs-pdf/i8941.pdf)

The Small Business Health Care Tax Credit, included in the Affordable Care Act enacted last March, is designed to encourage both small businesses and small tax-exempt organizations to offer health insurance coverage to their employees for the first time or to maintain coverage they already offer.

A broad range of employers meet the eligibility requirements, including small employers who cover their workers through insured multiemployer health and welfare plans, and employers who subsidize their employees' health care costs through a broad range of contribution arrangements.

In general, the credit is available to small employers who pay at least half of the premiums for single health insurance coverage for their employees. Small businesses that are eligible can claim the credit for 2010 through 2013

and for any two years after that.

For tax years 2010 to 2013, the maximum credit is 35 percent of premiums paid by eligible small businesses, and the maximum tax credit increases in 2014 to 50 percent of premiums paid in 2014. The maximum credit goes to smaller employers—those with 10 or fewer full-time equivalent (FTE) employees—paying annual average wages of \$25,000 or less. The credit is completely phased out for employers who have 25 or more FTEs or who pay average wages of \$50,000 or more a year.

Because the eligibility rules are based in part on the number of FTEs, not the number of employees, employers who use part-time workers may qualify even if they employ more than 25 individuals. Not all dealerships will qualify for the credit. Consult your dealership's tax professionals to determine eligibility for the Small Business Health Care Tax Credit.

An eligible small business will first use Form 8941 to figure the credit and then include the amount of the credit as part of the general business credit on its income tax return.

## Compliance reminder: EPA Body Shop Air Emissions Rule

The Environmental Protection Agency's rule governing hazardous air pollutants (HAPs) requires existing body shops to achieve full compliance by Jan. 10, 2011, and file a Notification of Compliance status form by March 11, 2011.

Specifically, dealership body shops must:

1. Paint only inside filtered, ventilated paint booths or prep stations.
2. Use high transfer efficiency application equipment.
3. Clean guns with non-hazardous solvents, in gun-enclosed washers, or using a method that does not involve atomized spraying to the open air.
4. Have painters trained and certified every five years.
5. Keep basic records demonstrating compliance.

The rule also:

- a. Allows a shop to petition for an exemption if it does not spray coatings with any of the above-listed HAPs of concern.
- b. Excludes the spraying of coatings from hand-held guns with paint cups of 3.0 fluid ounces or less.

Also, paint stripping involving methylene chloride (MeCl) is significantly regulated for shops using more than one ton of MeCl per year (very rare). Where possible, body shops should avoid the use of strippers containing MeCl.

A compliance training course is offered through NADA University. Questions on the new rule can be directed to NADA Regulatory Affairs at [regulatoryaffairs@nada.org](mailto:regulatoryaffairs@nada.org) or (703) 821-7040.

## CATA office closed Feb. 3-20 for auto show

The office of the Chicago Automobile Trade Association will close in Oakbrook Terrace Feb. 2 and not reopen till Feb. 21.

Far from taking a two-week cruise, the CATA staff will relocate to McCormick Place to produce the 2011 Chicago Auto Show.

Because the CATA office will be closed, association members must make the following adjustments:

- Dealership personnel responsible for securing any forms provided by the CATA—odometer statements, used-car buyer's guides, used-car limited warranty statements, and emission control equipment statements—must place orders by Jan. 31 to ensure the orders can be processed by Feb. 2. Don't be caught with an empty supply shelf.
- Use of meeting rooms at the CATA is suspended Feb. 3-21.

Calls to the CATA office will automatically be forwarded to CATA staff at McCormick Place.



*Tune in!*

to "Drive Chicago," 8-9 a.m.  
Saturdays on WLS 890 AM