



CATA Bulletin

DRIVE **CHICAGO** .COM
official Web site of CATA dealers

a biweekly newsletter

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April 11, 2005

Save the date!

Circle
Monday, June 13
on your calendar to participate in the annual CATA golf outing. The event marks its fourth year at Cog Hill Golf and Country Club in Lemont. The outing features a shotgun format on three courses and limited tee times on the fourth course, the renowned Dubsdread.

Sign-up forms will appear in this newsletter beginning in the April 25 edition.

Tax waived for Indianans who lease in Illinois

Residents of Indiana, Michigan and Florida who lease a vehicle in Illinois are exempt from Illinois sales (use and occupation) tax, the Illinois Revenue Department ruled in late March.

The ruling follows a Feb. 1 department change that retracts the "out-of-state buyer" sales tax exemption for residents of those three states and six others. Illinois holds reciprocal exemptions with 41 states.

Revenue department administrators ruled that Illinois lease tax would be forgiven for cars registered in Indiana, Michigan and Florida because those

states do not assess a lease tax.

To document such a lease transaction as exempt, Form ST-556 should be completed thusly:

- Section 1: Indicate the names of the lessor and the lessee, along with the non-Illinois address.

- Section 5: Mark Box G, "Other." On the subsequent line, print the two-letter state abbreviation and "Lease Transaction." For example: "IN Lease Transaction."

The remainder of the form should be completed as usual. Submit the form

SEE LEASE TAX, PAGE 4

Advertising seminar offers regulations review, but not ad critiques

Dealers and their advertisers gathered at the CATA April 6 to hear Illinois assistant attorneys general comment on the state's motor vehicle advertising regulations. What they seemed to expect was advice on how to steer clear of action by the AG's office, which enforces the regulations. What they mostly got, it seemed, was frustrated.

The attorney general's office does not provide legal advice to the public. In other words, they won't tell someone where the line is in the sand, but they'll go after anyone who crosses the line.

But the attorneys did offer a list of frequent violations they encounter in

Frequent Illinois advertising violations

Section	Topic
310	Advertised Price
530	Rebates
610	Credit Sales Advertising Disclosure
590	Gifts and Free Offers
540	Trade-ins
360	Disclosure of Basis for Price Comparison
220	Footnotes and Asterisks
210	Clear and Conspicuous
390	Range of Savings or Price Comparison
Sec. 1	Loans to Bankrupts Act

today's dealer ads, to help dealers recognize what they're looking for. An advertisement encompasses any oral, written, graphic or pictorial statement, from newspapers to radio to television to handbills, posters and window stickers to the Internet. The seminar was co-

ordinated by the Illinois Automobile Dealers Association.

The complete Illinois motor vehicle advertising regulations appear on the Web sites of the CATA, at www.cata.info, and of the Better Business Bureau, at www.chicago.bbb.org/cataad.html. The BBB works with the CATA to review dealer advertising in northern Illinois and serve as a buffer between dealers

and the AG's office. The BBB notifies dealers whose ads are not compliant. If an ad is not subsequently brought into compliance, the matter is forwarded to the AG's office.

SEE ADVERTISING, PAGE 3

AYES student technicians ready for dealership-intern matches

By **JIM BUTCHER**

ILLINOIS AYES MANAGER

Springtime means it is time for job shadowing and student placement in your service departments. The AYES automotive schools have students ready to work in your service department and begin their AYES internships. What am I talking about?

The Automotive Youth Educational Systems program works with select automotive high school programs in your neighborhood. AYES seeks to place highly qualified juniors and seniors in high school in your service department.

Now that the weather is turning nice and service is picking up, maybe it is time for you to look at taking an AYES student into your service department. We have qualified students from five AYES high schools available for you:

- Curie Metro High School, Pulaski Road at Archer Avenue, Chicago: 5 students available
- Hammond Area Career Center, Hammond, Ind.: 5 students available
- Lake County High Schools Technology Campus, Grayslake: 2 students available
- Porter County Career Center, Valparaiso, Ind.: 5 students available
- Technology Center of DuPage, Addison: 20 students available

We strongly encourage these students to job shadow in your dealership for an afternoon or two. Job shadowing allows everyone involved in the employment process to gauge whether a student "fits" with your particular service department. Job shadowing costs you nothing and allows the student to see what is expected of him prior to employment.

Taking an AYES student into your service department is a great way to reduce your labor costs as well as work with

your local community to provide employment opportunities for our youth.

Last year, we placed 31 students at dealerships like yours. Many of these dealers are returning to enlist their fourth or even fifth students. They recognize a great opportunity when they see it.

Special recognition goes to parts and service director Ben Mennella of Libertyville Toyota for employing 11 of our students over the past four years. We also would like to recognize some of our additional outstanding dealership partners:

- McGrath Lexus (Chicago & Westmont): 6 students
- Pauly Toyota: 6 students
- Woodfield Chevrolet: 6 students
- Classic Chevrolet/Toyota: 4 students
- Liberty Auto City: 4 students

In the 4 years that AYES has been active in Illinois, we have placed approximately 125 students at 70 dealerships. If you need an entry-level technician at your dealership, or for more information on AYES, call me at 630-424-6020.

Next AFIP tests April 21, 22

Testing for F&I personnel to earn certification by the Association of Finance and Insurance Professionals is April 21 and 22 at the CATA.

AFIP certification implies a technical competence and is considered "the MBA of the finance profession." It also helps F&I personnel sell products that the department markets, by helping them understand the various customer benefits to promote.

Tuition for the self-study materials and testing is \$500, and the CATA will rebate \$250 for everyone who passes the test to earn certification. The final cost represents a \$420 savings compared to AFIP prices charged by private entities. Call 847-953-6055 to register.

Congratulations!

Nissan North America, Inc., recognized seven area dealers as winners of the 2005 "Owner First Award of Excellence," for outstanding customer service, product knowledge and dedication. They are **Todd Martin**, Fergus Nissan, Skokie; **Paul Napleton**, Napleton Nissan, Schererville, Ind.; **Charles Piano Jr.**, Orland Park Nissan; **Alex Piemonte**, Al Piemonte Nissan, Northlake; **William Slevin**, Glendale Nissan, Glendale Heights; **Fred Vargason**, Nissan of St. Charles; and **Jay Weinberger**, Continental Motors, Countryside.

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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 or search by topic at www.cata.info/

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

Advertising

CONTINUED FROM PAGE 1

Tops on the advertising infractions list are those of the regulation's Section 475.310, covering advertised prices. The section declares that "purchasers shall be able to purchase all vehicles described by the advertisement at the advertised price." That means that if a specific vehicle—usually identified by a stock number—is advertised for \$17,000, it cannot be sold for \$19,000. And a vehicle cannot be advertised in a newspaper at one price, say, \$17,000, but offered for \$15,000 in a "special Internet price." It must be offered in all media at the same price.

The No. 2 infraction, according to the assistant attorneys general, concerns rebates. Any limited rebates—like those offered for recent college graduates—can be disclosed, but they cannot be subtracted from the vehicle's selling price. Don't do the math for readers on limited rebates, the attorneys implored.

The matter of extending gifts—dealer-financed warranties, oil changes and tires for life, roadside assistance—received extended attention. Illinois advertising regulations forbid dealers from offering free prizes, gifts, or other incentives in connection with a vehicle purchase or lease if the transaction price is negotiated, unless the incentive is paid for by the manufacturer or a dealer-line association. No

warranty may be advertised as "free" (Section 475.590).

"Zero down payment" written or spoken in automotive advertising does not constitute one of the five "triggering terms" which invoke further disclosure, according to a 2002 opinion by the Illinois attorney general's office and the BBB.

"An advertised down payment that requires actual money down would trigger further disclosure. But 'zero' is not a tangible amount, so that figure does not represent a triggering term," BBB operations director Steve Bernas said in 2002.

The five triggering terms, which demand further disclosure, are:

- amount or percentage of down payment;
- number of payments;
- period of repayment;
- amount of payment (expressed as percentage or dollar amount); and
- amount of any finance charge.

A review of the expression "zero down payment" followed extensive incentive advertising by manufacturers since 2001.

Staff commentary by the attorney general's office states that the trigger term provision "applies only if a down payment is actually required; statements such as 'no down payment' or 'no trade-in required' do not trigger additional disclosures" under the Truth-in-Lending Act.

BBB representatives did not attend the April 6 seminar.

Sales challenges ahead: NADA

April's new-vehicle sales reports should continue March's gains, as the weather improves and more consumers visit new car dealerships. For GM and Ford, said NADA chief economist Paul Taylor, one more ingredient needs to be maintained through the spring: more competitive pricing. Such pricing for GM appeared in the last half of March, but too late to dramatically turn the month's sales tide.

For the first two months of the year, light vehicle sales were down 9.9 percent for GM and 7.2 percent for Ford versus last year. This year, with persistent news about rising gasoline prices, light truck sales are down 3.8 percent for Toyota, 7.9 percent for GM and 12.1 percent for Ford.

Toyota is making relative progress, but is challenged by an overall drop in sales. For truck-based SUVs, made in North America, sales are down 19.5 percent, while SUVs imported from outside North America are down 10.3 percent.

Taylor said pricing disparities and constantly changing incentive plans, which in some cases haven't been well communicated, are largely responsible for the spread in the declines. All of the truck-based SUVs

with similar V8 or V6 engines obtain about the same gasoline mileage.

Sales are up for the car-based Crossover Utility Vehicles, or CUVs, which get better mileage. Sales increased 20.7 percent for CUVs made in North America and 6.6 percent for those manufactured abroad. This segment of CUVs has been growing at double digit rates since 1999. Toyota Division and Ford Division got an earlier start and have more offerings in this key area of growth than GM's Chevrolet and Pontiac Divisions.

Except for the lack of CUV products, these are solvable problems for GM in the nine months left in the year. Overall, product is much less of a problem than many GM critics have suggested.

In the first two months of the year, Chevrolet has the second-best-selling sedan (Malibu), and the fifth-best seller (Impala), while Ford's Taurus (7th), Focus (9th) and new Mustang (10th) are doing well. The Mustang and Pontiac G6 demonstrate that style still helps sales. The Big 3 are seeing some bright spots in car sales.

There is plenty of time left in 2005, but all of the major manufacturers will be busy to sell more light vehicles in the months ahead.

www.cata.info

Lease tax

CONTINUED FROM PAGE 1

to Illinois Department of Revenue, P.O. Box 19042, Springfield, IL 62794-9042.

Effective Feb. 1, "out-of-state buyer" exemptions no longer exist for residents of Arizona, California, Florida, Hawaii, Indiana, Massachusetts, Michigan, South Carolina and Vermont. Sales tax must be charged on vehicles that would be registered in those states, at each state's tax rate, and the tax would be remitted to Springfield. Those states would credit their residents for any tax paid to Illinois.

For a copy of the Revenue Department's informational bulletin on the matter, see www.iltax.com/

Got DEAC?

In this non-election year, officials of the Dealers Election Action Committee reported March 31 that DEAC had raised 22.9 percent of its yearlong contributions goal. But contributions by dealers in what the NADA defines as metropolitan Chicago—Cook, Lake and DuPage Counties—were at 6.2 percent of the annual goal amount of \$37,147.

DEAC is a dealer's only true voice in Washington, and it needs support to retain its powerful presence; in the 2003-2004 election cycle DEAC was the nation's third largest political action committee in terms of contributions to federal candidates.

Since the inception of DEAC in 1975, dealers have contributed more than \$24.6 million to the election campaigns of pro-business, pro-dealer candidates for Congress.

Call 877-501-3322 to pledge support for DEAC.

Study: women like small cars and pickups

Female drivers opt for very small, fuel-efficient vehicles or for very large, work-related vehicles like pickup trucks, according to preferences tracked by WomanMotorist.com, a consumer-automotive publication.

The brand preference study also shows women favor Ford nearly 40 percent more than the next closest brand, Toyota. Despite efforts by General Motors and Nissan to increase their market share among women, with more ads depicting females in the driver's seat, WomanMotorist.com said in a statement that their results have been "poor."

"This week (GM) claimed that their emphasis in coming years would be on the development of more trucks and SUVs, while cutting their small car products, and production. That doesn't make sense at all, given the clear market trends," said WomanMotorist.com co-publisher Brian Leshon. "Their decisions are screwy."

Women, the study found, believe the United States should use less gasoline,

% of all vehicles purchased by women Top 10, year ending Dec. 31, 2004

Brand	% purchased
Ford	14.33
Toyota	8.80
Honda	8.29
Nissan	6.90
Chevrolet	5.98
Mazda	4.78
Volkswagen	3.80
BMW	3.34
Dodge	3.05
GMC	2.99

which leads to support for small cars. But they also favor large vehicles. "We see that more as a purpose-driven choice," said WomanMotorist.com chief editor Sandra Kinsler.

"They need to carry lots of people and, as they move into more traditionally male-run businesses, they need the same kind of work vehicles," Kinsler said.

With 1.5 million annual readers, WomanMotorist.com reaches nearly 25 percent of women who will buy a new car in 2005. The publication contains reviews, car-shopping how-tos, maintenance and safety.

Marketplace

Service Director/Manager Ability to improve, maintain excellent CSI. Achieved Ford Motor Co.'s 2005 Level 1 warranty approval status; Master Technician status 7 years for Cadillac, 2 years for Chevrolet. ADP, Reynolds and Reynolds ERA computer systems. Eugene Malanuk, 630-964-2919.

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. James Bouvat, 847-263-7939.

Congratulations!

Mallof, Abruzino and Nash Marketing celebrates its 25th anniversary in April. The Carol Stream-based advertising agency counts more than 70 Midwest dealers among its clients.