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Illinois treasurer offers soft landing for unclaimed property

In the state's ongoing efforts to raise revenue without increasing taxes, don't forget about unclaimed property that must be reported to Illinois — and the ensuing penalties when that doesn't happen.

An area dealer currently under audit over unclaimed property at the store said auditors intend to review business records dating to 2006 — a time-consuming venture since the dealership converted to electronic recordkeeping only a few years ago.

The combination of the length of the audit period, a lack of available records, and a lack of what an auditor may deem “sufficient support” often leads to an unexpected estimated assessment



well in excess of what a company believes it owes and has reserved for accounting purposes.

Unclaimed property — for dealers, commonly uncollected final payroll checks and forgotten deposits on unconsummated deals — must be reported annually to the Illinois treasurer's office.

Mostly after three years, the property is considered dormant and must be turned over to the office.

Businesses are expected to contact unclaimed property owners, although they are not required to notify

the owner of an item valued at less than \$75 prior to transferring it to the treasurer's office.

By Illinois law, during an unclaimed property audit, auditors are entitled to a “lookback” period of 10 years plus the (mostly) three years it takes for something to achieve dormancy. In essence, 13 years. Based on the point of the year the audit takes place, the lookback period might stretch to a 14th year.

The auditors, naturally, are looking for
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Barbecue for the Troops rescheduled for Oct. 3

The annual Barbecue for the Troops, a CATA fundraiser normally held each July for the USO of Illinois, will be held this year on Oct. 3.

Over seven years, CATA dealers have raised nearly \$900,000 for the USO, a nonprofit organization that lends support to more than 326,000 service members and their families.

Nominations for Time magazine award for dealers due July 17

Nominations for the 2021 Time Dealer of the Year award, which honors new-car dealers for their business acumen and community service, must be received by the CATA by Friday, July 17.

Contact the CATA for a nomination ballot. Criteria

for eligible nominees appear on the ballot.

The Civic and Dealer Relations Committee of the CATA board of directors will review all nominations and submit the name of one CATA candidate for consideration for the national

award.

A panel composed of faculty at the University of Michigan will identify finalists from four NADA regions and the national winner. Nominees will be judged on sales record, ethics, customer satisfaction, and other

dealership efforts; plus their service to community and humanity, and any civic, political and educational activities.

The winner and finalists will be named Jan. 22 as part of NADA Show in New Orleans.

Future viewed differently by franchised, independent car dealers

Car dealers are known as optimists even when the going gets tough, but franchised dealers who sell both new and used vehicles appear more positive about the future than do their counterpart independent operators who sell only used cars.

That's according to Cox Automotive's latest dealer sentiment survey. It shows marked differences be-

tween the two groups when they were asked how the automotive market will look this summer after taking a hit in the spring from the COVID-19 pandemic. Many state stay-at-home orders closed dealerships (or limited their operations), hurting vehicle sales.

As to how franchised and independent dealers feel about impending business

prospects, "there's a pronounced divergence," said Jonathan Smoke, chief economist for Cox Automotive.

"More franchised dealers than not expect the market to be strong potentially through August," he said. "Independents expect it to be weak." In strong-weak index metrics, franchised dealers were at 57 points, independents at 40. "Independ-

ent dealers see the market as far weaker than do franchised dealers," Smoke said. "There's a definite split."

That contrast extends to other survey questions posed to two sets of dealers.

In describing their used-car sales, the index numbers were 43 for franchised dealers and 20 for independents. (The index was 39 for franchise deal-

ers describing their new-vehicle sales.)

As to their view of the current market, franchised dealers were at 30, independents at 17.

Smoke quipped that franchised dealers' relatively upbeat sentiment "gives me hope for the months ahead." He forecasts that both franchised and used-car dealers will move into "positive territory" before

Bolstered by an improving economy, dealership jobs start comeback

New data from the Bureau of Labor Statistics shows that franchised dealerships added 80,200 jobs in May, an extremely encouraging sign for employment in U.S. automotive retail.

At the end of February 2020 — prior to the coronavirus pandemic that forced many states to close — franchised dealerships directly employed more than 1.1 million people across the U.S. Unfortunately, like most industries, the auto retail industry was not immune to negative economic impacts caused by the coronavirus, and dealerships across the country were forced to re-

duce their workforces in light of the pandemic that shut down most of the country for nearly two months.

The U.S. Bureau of Labor Statistics in June published its first estimate of franchised dealership employment in April, showing that employment at franchised dealerships fell by 247,800 jobs to 888,200, or a decline of 21.8%. The Bureau on July 1 published its first estimate of dealership employment in May, which indicated signs of recovery in dealership employment and showed that employment increased by roughly 80,200, an increase of 9.0% com-

pared to April.

America's franchised new-car dealerships, most of which are small businesses as defined by the Small Business Administration, are a major contributor to the U.S. economy. In addition to the 1.1 million direct jobs, franchised dealerships are responsible for an additional 1.2 million indirect and induced jobs under normal times. On average, each dealer in the United States employs about 68 people with an average annual salary of over \$70,000 — culminating in a \$68.8 billion

payroll nationally. Dealership payroll not only is vital to the American economy but also to dealer employees, their families and the local communities where dealerships operate.

While the May news from the Bureau was extremely positive, reaching pre-coronavirus employment levels and full economic recovery will be a slow process. As dealerships begin to reopen their doors, auto sales are increasing, and that will allow dealers to bring back even more of their employees and move towards full recovery.

Congratulations!

Arlington Heights Ford, Fair Oaks Ford (Naperville), **Gjøvik Ford** (Sandwich), **Golf Mill Ford** (Niles), **Heller Ford Sales** (El Paso), and **Wickstrom Ford** (Barrington) are winners of the 2020 Ford President's Award.

Fifty-two U.S. dealerships are winners of the 2019 Lincoln President's Award, including **Wickstrom Lincoln** in Barrington.

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Review past editions dating to 1998 or search by subject at www.cata.info.

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Drive underway to collect used parts from dealerships for schools

A drive to collect scrap auto parts is underway by the Collision Repair Education Foundation, which will make them available for college and high school collision repair school programs.

The Hoffman Estates-based foundation has teamed with Enterprise Rent-A-Car and will visit all participating dealerships on Sept. 18 to collect the parts for the upcoming school semester.

Scrap doors, hoods, bumper covers and the like often wind up in dumpsters. Through generous supporters around the country, the Education Foundation has provided more than \$40 million in monetary and in-kind



product donations to collision school programs, and helps ensure that the students receive the best technical education possible and are ready upon graduation for entry-level employment.

Arlington Heights Ford has donated more than \$100,000 in parts over the past several years through this program, and the parts have been distributed to several Chicago area collision school programs. “It’s a great way to support local pro-

grams while connecting with students,” said Tony Guido, the store’s general manager.

The items most requested by collision instructors are current model vehicle parts — bumpers, fenders, hoods, door skins — so that students can practice proper collision repair techniques on parts they most likely will see upon entering the industry. Reduced program budgets have made it harder to purchase the parts, forcing the programs to:

- practice on severely aged vehicles that the collision programs have had for 10 years or more;

- practice on an instructor’s vehicle that might have been “dinged” in the school parking lot; and

- “dumpster dive” at the garbage bins of repair facilities and dealerships for discarded parts.

Dealerships that are interested in donating (tax-deductible) parts to collision school programs should contact Brandon Eckenrode, the Education Foundation’s director of development, at (847) 463-5244 or Brandon.Eckenrode@ed-foundation.org.

Unclaimed

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records of property that remained unclaimed but that was never forwarded to the state treasury department. If such instances are uncovered, the sums of the properties plus fees, penalties and interest would be owed to the state.

All businesses accumulate unclaimed property, but Illinois Treasurer Michael Frerich’s office offers a way to soften the blow if overlooked monies are uncovered. It has been in effect since 2008: a Voluntary Disclosure Agreement.

Under the agreement, a business would grant auditors the opportunity to examine 14 years’ worth of books and records to determine whether any unclaimed property existed and whether it ultimately was reported to the state. In return, all fees, penalties and interest otherwise attributable to the obligation would be waived. A dealer under examination cannot enter into the agreement.

Ashton Kulavic, the Illinois Treasury Department’s examinations audit manager, said the Voluntary Disclosure

Agreement enables businesses to disclose unclaimed property that was not reported to the state and to do it without penalty — so long as they act in good faith.

“There is no downside to coming forward,” Kulavic said.

The Illinois Unclaimed Property Act was last amended in 2018. The changes reduced the dormancy period but increased the lookback period, essentially leaving unchanged the full audit term. The 13-year document retention requirement roughly acts as a statute of limitations.

Dormancy periods vary by property type, from one year for payroll matters to seven years for money orders.

Prior to 2018, Illinois had the broadest form of B2B exemption concerning unclaimed property. It exempted from the reporting requirement all unclaimed payments to a business made in the ordinary course of business, as well as credits owed to customers that are business associations. The 2018 change repealed the B2B exemption.

While the Voluntary Disclosure

Agreement is ongoing, the Illinois treasurer’s office has occasionally run other amnesty programs. During one recent window of opportunity, Illinois businesses remitted \$37.7 million in unclaimed property without penalty — including \$27 million from a single company.

The Illinois treasurer’s office is holding more than \$3 billion in unclaimed funds for Illinoisans. The office holds the lost funds until they are claimed either by the original owners, their heirs, or legal representatives. The office legally is required to get the property to the rightful owners no matter how long it takes for them to come forward.

All states have laws regulating the reporting and remittance of unclaimed property, also referred to as abandoned property. The laws try to ensure the property is returned to its rightful owner — and to permit the public to benefit from the use of those funds until the true owner can be found.

Since 2015, the Illinois treasurer’s office has returned more than \$703 million in assets.

Franchised New-Car Dealers in the 8-county CATA area as of 1 July 2020

Car Line	Chicago only Ill.	Rest of Cook Cty. Ill.	Lake Cnty. Ill.	DuPage Cnty. Ill.	McHenry Cnty. Ill.	Kane Cnty. Ill.	Will Cnty. Ill.	Lake Cnty. Ind.	Porter Cnty. Ind.	Total [prior] 1/1/2020	Total [present] 7/1/2020
Acura	1	4	2	3	0	0	0	1	0	11	11
Alfa Romeo	1	3	1	1	0	0	0	1	0	7	7
Aston Martin	0	1	0	1	0	0	0	0	0	2	2
Audi	1	3	1	2	0	0	0	1	0	8	8
Bentley	1	1	0	1	0	0	0	0	0	3	3
BMW	1	4	1	3	1	0	0	1	0	11	11
Bugatti	1	0	0	0	0	0	0	0	0	1	1
Buick	2	9	1	4	4	1	3	2	2	28	28
Cadillac	0	8	2	2	1	0	1	1	0	15	15
Chevrolet	3	15	5	6	4	4	6	4	2	49	49
Chrysler	3	11	5	4	3	3	2	3	2	36	36
Dodge	4	11	5	4	3	3	2	3	2	37	37
Ferrari	0	0	1	1	0	0	0	0	0	2	2
Fiat	0	3	0	1	0	0	0	1	0	5	5
Ford	3	13	6	7	3	4	5	4	2	47	47
Genesis	2	6	2	3	1	1	0	1	0	16	16
GMC	1	9	1	4	3	1	2	2	1	24	24
Honda	4	9	3	2	1	3	1	2	0	25	25
Hyundai	2	10	4	3	1	1	1	1	0	24	24
Infiniti	1	4	1	2	0	0	0	1	0	9	9
Jaguar	1	3	1	2	0	0	0	3	0	8	8
Jeep	3	11	5	4	3	3	2	2	2	36	36
Kia	1	8	3	3	1	1	1	0	1	21	21
Lamborghini	1	0	0	1	0	0	0	0	0	2	2
Land Rover	1	3	1	2	0	0	0	1	0	8	8
Lexus	1	4	1	2	0	0	0	1	0	9	9
Lincoln	1	5	3	2	1	0	0	0	0	13	13
Lotus	1	1	0	0	0	0	0	0	0	2	2
Maserati	1	3	0	1	0	0	0	0	0	6	5
Mazda	1	7	1	3	1	0	1	1	1	16	16
McLaren	1	0	0	0	0	0	0	1	0	1	1
Mercedes-Benz	1	5	1	2	0	1	0	0	0	11	11
Merc-Benz Vans	1	3	1	1	0	1	0	0	0	7	7
Mini	0	3	0	1	0	0	0	1	0	4	4
Mitsubishi	0	4	1	1	1	0	0	1	1	9	9
Nissan	2	12	2	4	1	1	1	2	1	24	26
Porsche	0	3	1	1	0	0	0	0	0	5	5
Ram	4	11	5	4	3	3	2	3	2	37	37
Rolls-Royce	1	1	0	0	0	0	0	0	0	2	2
Subaru	1	5	2	2	1	2	1	2	0	16	16
Toyota	4	11	3	4	1	1	1	2	1	28	28
Volkswagen	2	7	3	4	1	1	1	1	1	21	21
Volvo	1	5	0	1	0	0	0	50	0	8	8
# of Car lines	61	239	75	99	39	35	33	53	21	654	655
# of Outlets	33	163	47	62	20	23	19	36	16	418	419

NOTE: The difference between car line and outlet figures is the result of outlets that handle more than one car line.