



Senate to mull bill to temporarily deduct sales tax, interest on auto loans

A Maryland senator has a rescue plan for new-vehicle sales. She wants to eliminate sales and excise taxes as well as interest on auto loans on any new vehicles purchased by year's end.

Sen. Barbara Mikulski (D-Md.) said

she would introduce the Auto Ownership Tax Assistance Amendment when the Senate reconvenes Nov. 17. The tax break would be available on new vehicles purchased from Nov. 12 to Dec. 31.

Consumers would be able to deduct the excise tax and the interest payments from their income taxes for the life of the loan. Mikulski said the temporary tax break would save someone financ-

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Freshened DriveChicago Web portal keeps dealer leads coming

A freshened home page of the DriveChicago Web portal unveiled in October assumes a more retail-looking appearance and apparently is helping area dealers convert their leads, even in a down economy.

Since the new look was unveiled, CATA Internet Director Mark Bilek said general traffic on the portal is down, but DriveChicago is holding steady in the number of leads it delivers to CATA dealers.

"That means we're doing a better job of converting visitors," he said.

Kurt Schiele, who leads the DriveChicago Committee for the CATA Board of Directors, said the portal's new look emits a contemporary feel that was needed since the last overhaul. Links to manufacturer-sorted in-

ventory on DriveChicago and other tools like the Black Book trade-in appraiser have been moved to the forefront.

"You only have a few moments to capture the viewer's attention," Schiele said.

Changes to the home page will be followed in the months ahead with improvements to the dealer inventory pages that offer more details and easier links for shoppers to purchase.

All CATA dealers and only CATA dealers appear on DriveChicago. And it is free to dealers as a member service.

Also, unlike its counterparts, DriveChicago.com doesn't permit private sellers to list vehicles nor does

SEE **INTERNET**, PAGE 2

Fraud alert: Bogus Treasury notes, bonds, account numbers

The office of the inspector general for the U.S. Department of the Treasury is investigating incidences of individuals using fraudulent Treasury-related financial obligations or accounts to purchase or attempt to purchase vehicles from automobile dealerships or to pay debts.

In Arizona in September, Treasury Department investigators reported that an individual attempted to purchase a \$67,000 automobile at a Phoenix dealership using a bogus promissory note and bond. In this instance, the purported value of the note was \$75,000 and the bonds were purported to represent government obligations of \$150,000; and in another instance, government obligations up to \$900 million.

The Treasury wants to alert dealers about the notes and bonds, which, might or might not be referenced as "U.S. Treasury" bonds or promissory notes; however, they are identified as "personal promissory notes" and/or "private offset bonds," and often contain the name of the Secretary of the U.S. Treasury, currently Henry Paulson, on the document.

The name of the Treasury Secretary would not appear on any document listed as a private bond or promissory note, since these items are not backed or guaranteed by the U.S. Treasury.

Moreover, the only type of paper bond issued by the U.S. Treasury that a citizen can purchase today is a U.S. Savings Bond. All other Treasury Bonds are electronic transactions and the buyer does not receive an actual hardcopy document.

In Indiana, the Treasury Department reported that unauthorized individuals were providing automobile dealerships and other retail businesses with bank routing and account numbers in Indiana to purchase vehicles or other property, and/or to payoff personal debts.

The account and routing numbers were represented as personal grant or bank accounts, and the dealers were directed to debit the accounts electronically to fund payments for their purchases. In the reported instance, the account was a

Treasury account for vendors to electronically transmit payments to the Treasury Department.

Anyone with information about such Treasury-related fraudulent activities is urged to call the Department of Treasury, Office of Inspector General, Office of Investigation's Hotline at 800-359-3898 or e-mail to Hotline@oig.treas.gov.

Dealership employees who are approached by a person or persons giving these or similar circumstances should consider the potential for fraud. If fraudulent activity is suspected, call the OIG Hotline or the local police immediately.

More information about this and other similar fraud schemes can be found at the following Department of Treasury Web site, www.treasurydirect.gov/instit/statreg/fraud/fraud_bogussightdraft.htm.

Internet

CONTINUED FROM PAGE 1

it allow used-car dealers to list inventory. That makes CATA member inventory exclusive and not clouded by "blue-light specials" designed to draw consumers away from legitimate vehicles.

It also levels the playing field because consumers know that by searching on DriveChicago, they're going to get services only new-car dealers offer.

Questions about DriveChicago can be directed to Bilek at 630-424-6082. To check inventory status on the portal, call Matt Hohman at 630-424-6084.

Next edition:
2008 year-end
accounting checklist
for dealers

Congratulations!

BMW Group Financial Services identified six area dealers as "Driving Force" members who demonstrated outstanding dedication and commitment to their relationship with BMW in 2008. The dealers are John Fields of **Fields BMW** (Northfield); Bill Jacobs of **Bill Jacobs Motorsport** (Naperville); Pat Womack of **Laurel BMW of Westmont**; Paul Levin of **Levin BMW** (Schererville, Ind.); Hanley Dawson III of **Patrick BMW** (Schaumburg); and Joseph Perillo Sr. of **Perillo BMW** (Chicago).

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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 <http://cata.drivechicago.com>.

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Iowa dealer McEleney elected NADA's 2009 chairman

By RAY SCARPELLI SR.

METRO CHICAGO NADA DIRECTOR

An Iowa dealer, John P. McEleney, has been elected the NADA's 2009 chairman. McEleney, who operates two stores—one that sells Buick/Cadillac/Chevrolet/GMC/



John P. McEleney

Pontiac/Toyota; the other, Cadillac/Chevrolet/Hyundai—has been part of the NADA leadership for five years and is the current vice chairman.

McEleney's election comes amid economic turmoil and concerns about access to credit, and he says he views the credit issue as one of NADA's top priorities.

"It's important for consumers to know that credit is available," he said. "It may be a tough time for business, but it's a great time for consumers who have a stable job and solid credit scores. There are plenty of incentives that lower costs. Dealers can help find financing. And the quality of today's vehicles is the best ever."

The NADA board of directors also elected Edward C. Tonkin as 2009 vice chairman. Tonkin is vice president of Ron Tonkin Family of Dealerships in Portland, Ore., and represents Oregon's franchised new-car dealers on the NADA's board of directors. Tonkin became an auto dealer in 1981 and an NADA member that same year.

McEleney and Tonkin take office in January after an induction ceremony at the NADA convention in New Orleans.

In other NADA news . . .

• The NADA has begun a national campaign to promote **"It's a Good Time to Buy a Car."** The following talking points should be used at every opportunity. NADA is using them with the national media and encourages members to use them with state and local media.

1. Yes, it's a tough time for business, but it's a great time for the consumer who has a stable job and solid credit scores.

2. It's important for consumers to know that credit is available. Don't look to the headlines to decide whether to buy a car. Look to your local dealer. Each market is different. Your local dealer knows the market. And your local dealer can help get financing that meets your needs.

3. For many people, this may be the best time to buy a car in years. There are plenty of incentives to lower the costs. Dealers can help find financing. And the quality and fuel-efficiency of today's vehicles are the best ever.

4. You've heard the saying "All politics is local." The same is true for credit. All credit is local. The dealer has access to multiple sources of financing, including many community banks and credit unions that have plenty of money to lend. That's why if you're in the market for a car, it's important to go to your local dealership.

In regulatory news . . .

• The Federal Trade Commission has announced a six-month delay of enforcement for the **Red Flags Rule**. Dealers and other creditors now have until May 1, 2009, to develop and implement a written identity theft prevention program (ITPP).

This delay does not affect the Address Discrepancy Rule, whose effective date was Nov. 1. The NADA encourages those dealers who have not yet finalized their ITPP to complete

their work as soon as possible, in advance of the new deadline.

All NADA members received a copy of "A Dealer Guide to the Red Flags and Address Discrepancy Rules: Protecting Against Identity Theft" in August.

• NADA/ATD succeed in gaining **federal excise tax exemption for auxiliary power units**. In 2007, the Internal Revenue Service directed truck dealers to begin collecting a federal excise tax (FET) on Auxiliary Power Units (APUs). APUs — small engines that allow truck drivers resting off-highway to turn off their main engine — save fuel and reduce emissions.

Placing an excise tax on APUs is an unwise policy since it discourages the purchase of environmentally friendly idle reduction units. NADA/ATD sought relief from Congress, and President Bush recently signed into law legislation to exempt APUs from the 12 percent tax. This legislation will benefit the many truck dealers who have been confronted with the issue as the demand for APUs has increased. The new law applies to sales or installations of APUs after Oct. 3, 2008.

Dealers are no longer required to collect the tax on APUs effective Oct. 4, 2008. For more detailed information, contact Jim Westlake, ATD executive director, at jwestlake@nada.org; Paul Metrey, NADA director of regulatory affairs, at pmetrey@nada.org; or Mary Jo Eustice, NADA senior legislative representative, at meustice@nada.org.

Finally, the NADA offers many free consulting services to help dealers improve their businesses in these tough economic times. For more information, please call me at 847-395-3600.

OSHA levels \$9,900 fine against local dealer

The absence of asbestos abatement procedures for servicing brakes and clutches in the service department led to a recent \$9,900 fine by the Occupational and Safety and Health Administration against a dealer in Chicago's north suburbs.

While OSHA's respiratory standard has changed during the past few years, the procedures for controlling asbestos have not. The procedures must be implemented if a dealership does more than five brake or clutch jobs a week.

If the procedures are not implemented, the dealership also is liable for lacking a respiratory program that meets the

new standards. Part of the OSHA fine cited the local dealer for its absence of a respiratory program.

That led to fines for not doing respirator fit testing and for the absence of medical evaluations. Additionally, the dealership was fined for not conducting Right to Know training and for not having the corresponding written plan or material safety data sheets.

The OSHA enforcement officer reportedly rebuffed complaints of excessive fines, saying he is authorized to impose maximum fines for each infraction. In the dealer's case, it would have been \$7,000 for each violation.

Roadside assistance for Libertyville dealers?

In a slowing economy, Libertyville officials are floating a plan to help the village's new-vehicle dealers, who account for about 65 percent of the far north suburb's sales tax receipts.

With slipping tax receipts, Libertyville is holding public hearings on a plan to create three business districts encompassing the dealerships. The designation would allow the village to share with a given dealer as much as 60 percent of any new sales tax revenue it generates to buy land, expand buildings or make other improvements.

"The village wants to make sure they stay here and invest here. You have to protect it," said Edward Werdell, chairman of Libertyville's economic development commission.

While several dealerships have undergone renovations, the configurations of the buildings and lots date to the 1970s. Upgrades or expansions have been hindered because of the constraints of the properties and high land cost.

Under the plan, a minimum of 25 percent of any dealer project would have to be dedicated to exterior or site improvements, such as signs or lighting. The minimum value of a project would have to be \$25,000, and not more than

half the cost could be reimbursable.

Village officials stress the proposal is an incentive, not a bailout.

"The intent is not to front the money or make a loan. We can't afford to give away existing taxes. If you grow your business, we can find a way to assist you," said Heather Rowe, economic development coordinator for Libertyville.

"It's based on the idea that sales will someday return to a growth level," she said. "Most dealers expect that to occur at some point in the next 18 months. It depends on which dealers and which lines."

Rowe said the incentives would limit closures and relocations, promote expansion, soften the blow for land acquisition and allow for consolidation.

Dan Marks, who is a member of the village's economic development commission and owns Libertyville Lincoln-Mercury, is on the board of directors of the Chicago Automobile Trade Association.

"Most dealers are going to wait until they think it's the optimal economic time," said Marks.

"Most of the dealers are well capitalized. They're able to weather the storm."

Tax holiday

CONTINUED FROM PAGE 1

ing a new \$25,000 car about \$1,320.

"I want to stimulate demand so that people are actually coming into the showrooms and buying cars," Mikulski said. "It is timely because the largest (sales period) tends to be Thanksgiving to New Year's Eve. We want to get people in the showrooms now."

The deduction would be available for individuals who earn up to \$125,000 and families making less than \$250,000 a year, and for car loans up to \$49,500. The deduction would be phased out for those who earn more. Mikulski said she wants to attach the amendment to the current \$700 billion bailout plan, which she said has focused, so far, on the banking industry.

Mikulski said the stimulus for consumers would help keep dealerships open and maintain the jobs of their employees.

The senator was confident that there would be an imminent bailout plan for auto manufacturers. She said she has support across the aisle for the tax break, which would cost about \$1 billion.

Congressional Democrats are pushing legislation to send \$25 billion in emergency loans to the beleaguered auto industry in exchange for a government ownership stake in the Big Three car companies.

Marketplace

Controller 25+ yrs at GM, Ford & Imports stores. Insurances, Expense Reduction, EOM, Financial Statements, Taxes, Bank Recon., ADP/R&R/UCS/Microsoft/Quickbooks/Excel, Payroll, Multiple Locations, Great Organizational Skills, Excellent Comm. Skills, High Energy & Team Player. Debbie Svrlinga 708-205-2025.