



2017 Illinois DOC fee maximum is \$172.15

The maximum amount that Illinois dealers can charge in 2016 for documentary preparation fees is \$172.15, the Illinois attorney general's office announced Dec. 15.

The \$2.88 increase over the 2016 maximum fee reflects a 1.7 percent rise in the federal Consumer Price Index for the 12-month period ending Nov. 30. The index is tracked by the U.S. Department of Labor. As always, the DOC fee is taxable and must be substantiated upon request by the attorney general's office.

The CATA is developing a poster about the DOC fee that dealer members can display. On the poster, the DOC fee amount is left blank for dealers to fill in; any amount up to the maximum allowed may be charged, but all customers should be charged the same amount. Systematically charging one group but not another — all males but not females, for instance — could bring charges of profiling.

Two copies of the poster will be mailed to dealers later this month. For limited additional copies, call the CATA at (630) 495-2282.

IMPORTANT: The new maximum fee cannot be charged before Jan. 1.

Year-end union holiday, pay issues

Franczek Radelet P.C., the CATA's labor relations counsel, has summarized the upcoming holiday and holiday pay issues in the collective bargaining agreements with Mechanics Local 701 and Teamsters Local 731 Garage Attendants.

MECHANICS LOCAL 701

Recognized Holidays

- Day before Christmas: Saturday, Dec. 24
- Christmas Day: Monday, Dec. 26 (observed)
- New Year's Day: Monday, Jan. 2 (observed)

Eligibility for Holiday Pay

Unless excused by the employer, employees must work their regularly scheduled day immediately before and after

a holiday in order to receive holiday pay. If this condition is satisfied, employees must be paid even if the holiday falls outside of their regular work week, e.g., Christmas Day for an employee on a Tuesday through Saturday work schedule. Probationary employees are not eligible for holiday pay within the first sixty (60) work days of their employment.

Amount of Holiday Pay

Holiday pay is eight hours times the employee's standard hourly rate. Employees who are employed on a four, 10-hour work day schedule should receive 10 hours of pay.

SEE UNIONS, PAGE 4

ABC7 Chicago lands Emmy for 2016 Chicago Auto Show special

The 2016 Chicago Auto Show special produced jointly in February by ABC7 Chicago and the Chicago Automobile Trade Association this month won a Chicago/Midwest Regional Emmy Award.

The hourlong program took top honors for Outstanding Achievement

for Special Event Coverage and was presented by the National Academy of Television Arts & Sciences. Telemundo Chicago was nominated in the same category for its 2016 Chicago Auto Show special.

"It is gratifying to see the ABC7

Auto Show special and the CATA receive this prestigious Chicago/Midwest Emmy Award," said John Idler, ABC7 president and general manager. "We are particularly proud to showcase the great work the local automotive dealers do in the communities they serve."

Consumer engagement a top goal at coming Chicago Auto Show

The Chicago Auto Show is partnering with an experiential marketing specialist — eshots, inc. — to offer epass at the 2017 Chicago Auto Show.

epass, part of the company's EventOS platform, enables attendees to share contact information, request vehicle data, enter contests and register for activities in a seamless and secure way. epass is incorporated into the show's ticket and registering is as simple as entering name, email and ZIP code.

"Leveraging four indoor test tracks, six outdoor test drives, segment-leading social media and mobile app activations, free show-floor WiFi and unmatched exhibit space, the Chicago Auto Show is a perfect fit for epass," said 2017 show Chairman Mike McGrath.

"Automakers make a big splash in Chicago because they know it delivers

more consumers than any other show, and the epass system will make it extremely easy for attendees to receive information from the car companies."

With integration into the show's website and official mobile app, the epass experience extends beyond the show floor. Visitors to the show's website or mobile app can connect directly with manufacturers to request more information on specific vehicles, making their experience at the show more beneficial.

Home of the nation's largest auto show, Chicago is perfectly positioned to execute this innovative technology, which is designed to benefit both attendees and exhibitors. epass is made possible through the show's relationship with Chicago-based eshots; website and mobile app provider, American

Eagle; and beacon-messaging expert, Footmarks.

"Our data told us that auto shows are the best performers in the auto segment, but there was still an opportunity to dramatically improve the consumer experience," said eshots' Founder and CEO, Craig Steensma. "With our EventOS platform featuring epass, we've solved one of the major issues facing auto shows: attendee fatigue.

"By allowing attendees to register a single time, before or at the event, we can reduce the frequency and time needed to request vehicle info, enter contests or interact with dozens of auto brands at the show. Combine this streamlined registration process with beacon-based mobile app messaging and we've set the stage for the next generation of auto show experiences."

Year at a glance: A final message from 2016 NADA chairman Carlson

By **JEFF CARLSON**

2016 NADA CHAIRMAN

This has been an excellent year for the auto industry as we end with 17.5 million new-car sales. It seems timing is on our side. In the regulatory and legislative arenas, the NADA continued to hold its defensive line with the Consumer Financial Protection Bureau's intrusion into our business. We worked hard to gain traction for the critical Senate Bill 2663, which aims to curb the CFPB's regulatory overreach. We tackled many other regulatory agencies with the knowledge that many of their policies have a significantly negative impact on the dealer business. We quantified and communicated the potentially negative economic impact to consumer affordability. This includes examining CAFE rules, recall mandates, manufacturer direct sales and many others. The NADA's messag-

es were effectively circulated and re-circulated through the year in major news outlets including The Wall Street Journal, Bloomberg and The New York Times, to name just a few.

I have had the honor of reminding the greater public that dealers are the solution, not the problem. We are agents of change, and I've had the great opportunity to meet many of you and speak at state association conventions. Internally, the NADA has never been stronger. Our re-branding is complete and with NADA President Peter Welch at the helm, this association has never been leaner and more focused and ready to take our members through the upcoming challenges.

Let's celebrate NADA's century milestone together at the 100th Convention & Expo in New Orleans in January. Allow me the opportunity to thank you in person while handing the keys over to 2017 NADA Chairman Mark Scarpelli.

CATA holiday closings



The office of the Chicago Automobile Trade Association will be closed Monday, Dec. 26, to mark the Christmas holiday; and Monday, Jan. 2, for New Year's Day.

The CATA board of directors and staff wish all our members and their families a happy and prosperous 2017!

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

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The curious case of Tesla's lawsuit

Editor's note: The following Op-Ed appeared this month in The Detroit News.

By LAWRENCE SPIWAK

Every state in America has laws governing the retail sales of new automobiles. Some states — including Michigan — preclude auto manufacturers from selling cars directly to consumers, which means that when you buy a new car, you buy it from an independently owned, franchised dealer.

Last September, Tesla Motors sued the governor, attorney general and secretary of state, claiming that Michigan's prohibition against direct manufacturer sales is unconstitutional because it lacks a rational means of achieving any legitimate government purpose.

Unfortunately for Tesla, it faces an uphill legal battle. Over the years this argument has often come before the courts, and each time the constitutionality of such laws has been upheld.

But Tesla's complaint begs an interesting policy question: Do auto-franchise laws continue to serve the public welfare in the 21st century, or do such laws serve just the private interest of dealers and existing manufacturers as Tesla alleges?

If we look at the data — specifically, vehicle pricing — a strong argument can be made that state auto-franchise laws continue to promote the public interest by increasing

competition and, by extension, lower prices for consumers.

Two types of competition exist in auto retail: inter-brand competition between automakers and intra-brand competition between dealerships. Once a consumer decides on what make and model he/she wants (i.e., inter-brand competition), the consumer then aggressively shops for the best price from a variety of same-brand dealers (i.e., intra-brand competition). In Metro Detroit, a consumer can shop at 12 Toyota dealerships to buy a Camry.

And a statistical analysis of automobile prices released last year showed that consumers benefit greatly from intra-brand competition for new cars. Analyzing data on hundreds of thousands of new car sales and registrations in Texas for 10 of the most popular models, the study found that when multiple dealers within a brand compete for business, prices drop. I doubt many car buyers who shop around are surprised by the result.

In contrast, a direct sales model — by definition — eliminates the possibility for intra-brand competition. As Tesla concedes in its complaint: “Tesla sells its cars at uniform and transparent list prices ... Tesla customers pay the same price whether they purchase through Tesla's website, at a local store, or at a store in a different state.”

In fact, Tesla President Elon Musk tweeted that Tesla would offer “no discounts ever” to consumers in their showroom — stressing that this pricing

strategy is “fundamental” to the brand's integrity.

So what do consumers get from Michigan's current auto franchise law? Another recent study predicts that direct automobile selling could lead to higher prices for consumers and higher profits for manufacturers. In contrast, the franchise model produces lower prices, with new cars being sold at tiny, if any, profit margins. Since cars are very expensive, it makes sense for the Michigan legislature to require new cars be sold through independent dealers if price competition is more intense for doing so.

It would appear, therefore, that state auto franchise laws do address supportable public policy considerations and do not exist (as Tesla argues) to promote the private interests of auto dealers. If independent dealers are replaced with direct sales, then Tesla (along with other auto manufacturers) will earn higher profits and the consumers will pay higher prices for new cars. Consumers will be greeted at the door for one of their most expensive purchases with Mr. Musk's “no discount policy.”

Now whose private interest does that serve?

Lawrence Spivak is president of the Phoenix Center for Advanced Legal & Economic Public Policy Studies, which provides independent assessments of the economic and material implications of regulatory and economic policy in the U.S. and abroad.

Cars would be required to talk to each other under U.S. plan

U.S. automobile regulators want passenger cars and light trucks to wirelessly stream data about their movements and monitor other vehicles so they don't crash into each other.

All new light-duty vehicles would be required within four years to be equipped with so-called vehicle-to-vehicle communication systems. The technology will work hand-in-hand with new automated safety devices, such as auto-braking, in

another step toward making driverless vehicles a reality, the Department of Transportation said Dec. 13.

The proposal, which would also require cyber protections on the data stream and include privacy protections so drivers couldn't be tracked, is one of the most ambitious attempts in history at using technology to cut crashes and deaths on the nation's roadways.

Luxury SUVs to outsell luxury cars for 1st time in 2016: Edmunds

Luxury SUVs this year will outsell luxury cars in the U.S. for the first time, according to a new report from Edmunds.com, a car shopping and information network. Luxury SUVs are on pace to secure 55 percent share of the market, and Edmunds analysts predict this gap will widen to 60 percent in 2017.

“Low gas prices, changing consumer tastes and attractive new vehicles are creating the perfect environment for luxury SUV sales to grow,” said Jessica Caldwell, an executive at

Edmunds.

“Given that luxury brand loyalty rates are typically higher than for volume brands, this trend has the potential to affect this vehicle segment for years to come.”

According to the Luxury Market Report issued by Edmunds, while overall sales of luxury vehicles are expected to remain flat in 2016 as compared to last year, SUVs are bringing growth to brands that historically have been considered niche players.

Jaguar and Volvo are enjoying the most gains, thanks to the popularity of the F-

Pace and XC90. Jaguar’s overall sales were up more than 81 percent through the first three quarters of the year, while Volvo’s overall sales rose almost 26 percent.

The F-Pace and XC90 are also helping Jaguar and Volvo attract a significantly higher number of conquest buyers, which has the long-term potential to help diversify a segment that’s long been dominated by a small number of high-volume manufacturers.

This market shift is largely being led by women: 57 percent of women who bought a luxury vehicle in 2016

bought an SUV, compared to 49 percent of men.

Women are also becoming increasingly more influential in the overall luxury market: This year just over 40 percent of luxury vehicles will be sold to women, compared to 36 percent in 2011.

“Luxury automakers who anticipated this trend are really reaping the rewards: they’re attracting previously untapped buyers, increasing brand loyalty and enjoying healthy profit margins,” Caldwell said. “It’s a winning scenario that shows no signs of slowing down.”

Unions

CONTINUED FROM PAGE 1

Substitute Another Day in Lieu of Day Before Christmas Day

A dealership and its employees may agree to a substitute another day and choose to work on the day before Christmas Day. Holiday overtime premiums are not applicable to any hours worked on the day before Christmas Day in this instance.

Work on a Holiday

Dealerships can solicit employees to volunteer to work on a holiday. Employees who volunteer to work on a holiday receive two (2) times their normal rate for hours worked, and an additional eight or ten hours of holiday pay.

TEAMSTERS LOCAL 731

Recognized Holidays

- Day before Christmas: Saturday, Dec. 24
- Christmas Day: Monday, Dec. 26 (observed)
- New Year’s Day: Monday, Jan. 2 (observed)

Eligibility for Holiday Pay

Employees who have passed their probationary period and regularly work a full workweek are eligible to receive holiday pay if they work their regularly scheduled full day immediately before and after the holiday. If these conditions

are satisfied, employees must be paid even if the holiday falls outside of their regular work week, e.g., Christmas Day for an employee on a Tuesday through Saturday work schedule.

Amount of Holiday Pay

Holiday pay is the number of straight-time hours the employee normally works in one full day times the employee’s standard hourly rate. Accordingly, employees who regularly work eight hour days should receive eight hours of pay.

Substitute Another Day in Lieu of Day Before Christmas Day

Dealerships can substitute another day in lieu of treating the day before Christmas Day as a holiday. In that case, holiday pay will not be applicable if employees work on the day before Christmas Day.

Work on a Holiday

Dealerships can solicit employees to volunteer to work on a holiday. Employees who volunteer to work on a holiday receive one-and-one-half (1.5) times their normal rate for hours worked, and an additional eight or 10 hours of holiday pay.

Additional questions can be posed to attorneys at Franczek Radelet. Contact Terry Creamer, (312) 786-6157 or tc@franczek.com; Chris Johlle, (312) 786-6152 or caj@franczek.com; or Dave Radelet, (312) 786-6190 or dpr@franczek.com.

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Feb. 11-20