Free Internet ‘best practices’ seminar May 28

An Internet “best practices” seminar hosted by DriveChicago.com on May 28 will offer an overview of what works in today’s Internet-driven automotive market.

The free seminar, at the CATA office in Oakbrook Terrace, runs 9 a.m. to 1 p.m. and includes a continental breakfast and lunch.

The seminar will focus on what dealers should be doing to maximize the return on money they spend on Internet marketing and advertising.

In addition, it will explain, in laymen’s terms, why it is important to have an overall Internet strategy and why this strategy must be incorporated into a dealership’s business model.

DriveChicago’s technology partners also will give brief presentations. Representatives of Experian Automotive, BlackBook Online, DealerSkins, Dealer Specialties, DataOne Software, and TimeHighway.com each will focus on their areas of expertise, explaining why it’s important to include things like vehicle history reports, used-vehicle valuations, and service scheduling on a dealership’s Web site.

For more information or to reserve a seat at the seminar, call DriveChicago General Manager Mark Bilek at 630-424-6082.

More on sold cars leaving U.S.

The May 5 edition of this publication reviewed the sales tax liabilities on vehicle sales when the owner intends to export the vehicle out of the country. If the customer takes possession of the vehicle, sales tax is due—usually.

The Illinois Revenue Department indicates drive away permits can be issued for vehicles destined for Canada and Mexico. The only other way for a vehicle that will be leaving U.S. boundaries to avoid sales tax is if the dealer delivers the vehicle to a freight forwarder for export.

Important, the dealer must make the arrangements with the freight forwarder, not the customer. The revenue department’s stance is that, if the customer makes the arrangements for the shipment, the freight company is accepting the vehicle (taking delivery) on behalf of the customer, and tax would be due. If the dealer makes the arrangements, the customer does not accept delivery until the vehicle reaches its foreign destination.

Heed driving restrictions for workers ages 16, 17

Teen-age workers can be an ambitious and cost-effective source to perform various summertime roles at dealerships, but there are plenty of regulations to adhere to, especially for teens who drive in the course of work.

According to the federal 1998 Drive for Teen Employment Act—an ironic name, for the act effectively limits teen driving—17-year-olds may engage in limited driving on public roads and 16-year-olds may drive only on private property, such as dealership lots, while working. The Illinois graduated licensing system imposes other restrictions.

Employers should consider specifics of both measures before allowing a teen to drive in the course of work. A 17-year-old must:
• hold a valid driver’s license;
• have completed a state-approved driver education course;
• be instructed that seat belts must be worn; (It’s wise to have them sign a statement to this effect upon hire.)
• have no moving violations on record when hired.

Also, the vehicle a 17-year-old drives neither may weigh more than 6,000 pounds gross vehicle weight nor be used for towing. All driving is limited to daylight hours. Supervisors must ensure that there is ample time for 17-year-olds to complete any work trip during daylight.

Also, 17-year-olds may not drive in excess of one-third of one workday and one-fifth of a workweek.

Vehicle occupancy is lim-
Dealers still permitted to offer arbitration to vehicle customers

A rumor is circulating locally that dealers are prohibited from entering into binding arbitration agreements with customers who buy vehicles. Several dealers called the CATA about a “buzz on the street that they were deemed illegal.” That is false.

Legislation to ban dealer-mandated arbitration was introduced to Congress in February, but the measure has been barely debated since then. House Resolution 5312, named the Automobile Arbitration Fairness Act of 2008, counts 12 co-sponsors, nine of whom signed aboard the day it was filed.

The CATA developed a binding arbitration agreement several years ago that is supported by the Better Business Bureau. Dealers and their customers who sign the agreement would use a BBB arbiter to resolve disputes arising from the purchase, lease, servicing or repair of a new or used automobile. “Disputes” also include any disputes relating to vehicle service contracts purchased or provided at the time vehicle was purchased or leased, except for alleging criminal violation.

“Simply put, the BBB has created a forum that is fair, equitable, inexpensive and quick,” said Irv Capitel, senior counselor of the BBB-Chicago’s alternative dispute resolution division. “We want to see disputes settled smoothly and quickly. Lawsuits are antagonistic.”

Two forms can be downloaded from the CATA Web site, http://cata.drivechicago.com. Along a tan-colored horizon-tal bar that runs across the top of the screen, the rightmost category is “Resources.” From the ensuing drop-down menu, select “Dealer Forms.” One form is the arbitration agreement itself; the other is an overview of the arbitration process, written on BBB stationery. Customers should receive copies of both forms.

Capitel said customers could be encouraged to sign the agreement based on several savings to them, compared to a lawsuit:

• time used to prepare court documents
• time used to prepare depositions
• time spent in court
• attorneys’ fees and other costs.

“The key word under the BBB arbitration is resolution of the dispute,” said Capitel. “Someone wins, someone loses, and everyone gets on with their lives.”

Customers who request arbitration pay $100 to cover the arbiter’s expenses. The dealer, in turn, pays $700 to $900.

The National Automobile Dealers Association is neutral on the House bill, said David Hyatt, the association’s chief public affairs officer. The NADA in 2002 considered passage of the ban on manufacturer-mandated arbitration “critical” to the well-being of the franchise system, he said. It would be “inconsistent” to oppose the latest bill, Hyatt said.

Average Illinois dealership profile for CY 2007

<table>
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<tr>
<th>Category</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Number of new-car dealers</td>
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<tr>
<td>Total sales</td>
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<tr>
<td>Average sales per dealership</td>
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<tr>
<td>% of total retail establishments</td>
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<tr>
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<td>17.9</td>
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<tr>
<td>% of retail sales payroll</td>
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<tr>
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<tr>
<td>Average number of employees (est.)</td>
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<tr>
<td>Annual payroll</td>
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<td>Average payroll per dealership</td>
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<tr>
<td>Average weekly earnings per employee</td>
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<td>Total vehicles in operation</td>
<td>9.876 million</td>
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<tr>
<td>2007 new-vehicle registrations</td>
<td>654,387</td>
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</tbody>
</table>

Sources:
1NADA Industry Analysis Division
2U.S. Department of Transportation
3The Polk Co.
‘Hire a Hero’ campaign notes tax savings for employing veterans

The U.S. troop count in Iraq is expected to reach 140,000 by July, and force levels in Afghanistan will increase from the 28,000 currently deployed to 32,000—the highest numbers since that war began in October 2001. There is no current timetable for troop withdrawl, but there is a way to offer support upon their return, and it’s a veritable win-win for small businesses and soldiers alike.

“There are Federal tax credits available, and they can have a significant impact for businesses filing taxes,” said Nancy Steffens of the Connecticut Department of Labor. But surprisingly few businesses take advantage of these money-saving hiring incentives.

According to Blake Christian, CPA and co-founder of the National Tax Credit Group, nationwide credits are claimed by only 10 percent of eligible businesses, even though the tax credits are worth roughly three times more than a tax deduction. With the federal tax rate for corporations at 35 percent, a $3,000 deduction translates to only a $1,050 benefit after taxes. But a $3,000 credit reaps a $3,000 reward, making a credit considerably more valuable, especially for businesses hiring multiple veterans.

In 2007, the Work Opportunity Tax Credit Program (WOTC) expanded its eligibility requirements and increased the available tax credit to businesses from $2,400 to $4,800. Veterans who receive food stamps for at least three consecutive months in the 15 months prior to employment are eligible, as is any vet who has sought either physical or psychological rehabilitation because of a service related injury. Veterans living in a designated rural renewal county from 32 states also are WOTC eligible.

“The business doesn’t have to be in the same rural renewal county, but can be in a metropolitan city and draw people from the rural county,” says Christian. “That really liberalizes the WOTC program.” And, if an employee received welfare benefits before becoming starting work, the Federal Welfare-to-Work program offers business a credit up to $8,500 during a two-year employment period.

The WOTC isn’t the only credit available to businesses hiring veterans. There are 41 states with Enterprise Zone Programs, which are designed to stimulate economic growth in economically depressed areas. Military veterans within four years of service, including the Armed Services and Reserves, can qualify their employers for $37,000 in credits during a five-year period under this state sponsored program. The specifications vary from state to state, but it is not uncommon for a business to be able to claim 50 percent of the veteran employee’s first year of W-2 wages, up to $12 an hour. For the subsequent years two through five that the veteran is employed, the business receives a 40 percent, 30 percent, 20 percent and 10 percent credit, respectively.

“One person can qualify for multiple benefits,” said Christian. “Sometimes when you receive several, some of the credits are scaled back from one benefit because you’re double dipping.” But, there are plenty of credits that don’t overlap, offering employers multiple incentives to hire veterans.

For business owners interested in hiring veterans, “start with talking to your CPA and be specific, because not all CPAs understand this area,” says Christian. “Look at the WOTC, Enterprise Zone and Welfare-to-Work programs.” Don’t permit your CPA to gripe about the credits being too much hassle. “It’s usually one extra form in the return, and the payoff is very significant on your labor costs.”

The paperwork consists of a one-page IRS Form 8850 and one page ETA Form 9061. The 8850 is a pre-screening document that alerts a business to an employee’s eligibility for veteran credits. “Sometimes that can be awkward asking personal questions, so we ask that employers include the 8850 in their employer packet,” says Steffens.

“Then veterans can just check a box indicating whether they were injured or received food stamps.” The forms are available on your state Web site, or by calling your state’s tax unit. The paperwork must be postmarked no later than 28 days after a veteran starts on the job.

There are several resources for business owners looking to recruit veterans. A favorite:

- Monster.com powers its own veteran recruiting arm, called Military.com, that is stocked with more than 200,000 veteran résumés.

Editor’s Note: The “Hire the Heroes” campaign, launched by Automotive Retailing Today (ART), provides links between thousands of auto dealers and military outplacement agencies that list job vacancies designed to attract veterans transitioning back into the workforce. ART reported last May that the nation’s auto dealers hired about 30,000 military veterans over a three-year period. In an effort to attract transitioning service members and others to these rewarding, high-paying automotive-related jobs, ART launched a Web site, www.autoretailing.org, that details these diverse positions.

ART is a coalition of automakers and dealer organizations that promotes a better understanding of the retail-auto industry and the career opportunities available. See www.autoretailing.org/military/index.html.
Contributions to DEAC sought

Less than six months before the biennial federal elections, contributions to the Dealers Election Action Committee among dealers defined by the NADA as Metro Chicago have reached 10 percent of the $28,500 goal for 2008.

The NADA identifies Metro Chicago dealers as those in Cook, Lake and DuPage Counties. Illinois dealers, who the NADA defines as those in the state's 99 other counties, are at 17 percent of their $43,500 goal. DEAC is the NADA's political action committee.

DEAC is a dealer's only true voice in Washington, D.C., and it needs support to retain its powerful presence. DEAC is one of the top-five PACs in the nation in terms of its support of candidates running for the U.S. House and Senate and thus, gives all dealers a good bit of recognition from members of Congress.

Contributions to DEAC pay for themselves many times over in the form of better, fairer government on the federal level. Think of DEAC as political insurance: Contribute now, or pay 10 times that amount later in the form of higher taxes, excessive regulations and mandated employee benefits.

NADA is requesting that a dealer or Authorized Representative of each member dealership sign a Federal Compliance Form for DEAC. The form is included in this newsletter, and completed forms can be faxed to NADA/DEAC. Federal election laws require signed permission prior to a solicitation being sent by a trade association PAC with corporate members.

Signing the form does not obligate anyone to make a future donation but simply enables DEAC to add dealerships to its mailing list.

Questions about the compliance form can be directed to DEAC at 877-501-3322.

Teens

CONTINUED FROM PAGE 1

Limited to three passengers, and the transport of people who are not coworkers is limited to two trips a day. Licensed 16-year-olds may not drive on public roads while on the job.

A violation of the Drive for Teen Employment Act is subject to a $10,000 fine.

Many states, including Illinois, have invoked graduated licensing laws for teens amid rising concerns that the fatality rate for licensed 16-year-old drivers is double the rate for 17-year-olds and four times the rate for all drivers.

In Illinois, during the driver's first year of licensing, or until the driver is age 18, whichever occurs first, the number of passengers is limited to one person under age 20, unless the additional passenger(s) is a sibling, stepsibling, child, or step-child of the driver.

After this period, the number of passengers is limited to one in the front seat and the number of safety belts in the back seat.

Cell phone use while driving is prohibited by drivers under 19 except in the case of an emergency to contact a law enforcement agency, health care provider or emergency services agency.

On-the-job driving by employees 21 and older is not regulated.

NADA joins CAFE lawsuit

As part of its continuing efforts to promote a single, national fuel economy standard, the NADA has joined several New Mexico dealers to file a complaint against the state of New Mexico, the county of Bernalillo, and the city of Albuquerque over their adoption of California's tailpipe greenhouse gas (GHG) standards.

The complaint, filed on April 25, challenges the state's regulations on the ground that the Energy Policy Conservation Act, the law that spawned the federal Corporate Average Fuel Economy rules, expressly preempts any state or local laws governing fuel economy. Similar preemption challenges seeking to avoid a patchwork of state motor vehicle GHG rules are being litigated in California, Vermont, and Rhode Island.

The New Mexico case is in line with the federal fuel economy rules that the National Highway Traffic Safety Administration proposed late last month. That proposal, which would implement the aggressive fuel economy targets mandated by the energy law that Congress passed in December 2007, definitively states that regulations like those adopted in New Mexico are preempted by the CAFE laws.