



CATA Bulletin

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Vehicle tax changes usher in Illinois's new year

Several tax changes took effect at the Illinois Revenue Department July 1, the start of the state's fiscal year. Among them: certain vehicles that weigh at least 8,000 pounds can be exempt from sales tax; rolling stock exemptions have changed; and the replacement vehicle tax is repealed.

The new Commercial Distribution Fee adds 36 percent to the price of a D class (8,001-12,000 pounds) vehicle registration fee. That plate fee is \$138 beginning each July 1, then decreases

Oct. 1, Jan. 1 and April 1. With rounding, the CDF this quarter is \$50. Therefore, the Commercial Distribution Fee this quarter is \$188.

The upside: A CDF sales tax exemption is granted to certain second division motor vehicles and trailers if the CDF administered by the secretary of state is paid. Such a transaction includes applying for a "D" through "Z" class license plate.

Illinois dealers would report any CDF sales tax exemption on Form ST-

556 and on Form CDF-7, an example of which is included in this newsletter. Dealers retain the CDF-7; they don't submit it.

Important, a purchase qualifies for the CDF sales tax exemption only if the CDF is paid for and if it is a second division motor vehicle or trailer with a gross vehicle weight of more than 8,000 pounds.

The Illinois Vehicle Code divides all vehicles into two divisions. First Division
SEE TAXES, PAGE 3

More dealers needed to pair with AYES interns

The facts are these: The economy will rebound, the area's millions of vehicles on the road will need to be serviced, and the average technician is nearly 50 years old.

Dealers can groom their next technicians through the Automotive Youth Educational Systems program. Dozens of area students qualified to begin an AYES internship this summer have not been matched with a dealership.

Many dealers cite the soft economy, but dealers should focus beyond the short-term, said Terry D'Arcy, a Joliet dealer and treasurer of the CATA.

"You're looking at a three- to five-year picture to bring a new technician up to speed," he said.

AYES encourages students with a good mechanical aptitude to pursue careers in the ever-changing fields of

automotive service technology or collision repair/refinish, and prepares them for entry-level positions or challenging academic options.

Participating high schools and vocational-technical schools have ASE-certified automotive programs, and some also have certified collision/refinish programs.

Typically, eligible students begin their internships at a dealership on a full-time basis during the summer between their junior and senior years. Under the guidance of a mentor (an experienced technician), they develop technical skills and skills as valuable employees. Upon high school graduation and AYES certification, participating students are prepared to begin full-time entry-level employment, or to ad-

SEE AYES, PAGE 3

Area dealer profile steady in NADA study

Results this month of the biennial Compensation Survey administered by the National Automobile Dealers Association show the area's dealers logged nearly \$25 billion in sales in 2002.

The NADA study also measured employee pay and other forms of compensation, like health and dental plans and vacation time. Compensation reflected information from the workers' 2002 W-2 forms.

The average CATA dealer sold 1,125 units last year and employed a staff of about 70. In the 2000 study, those numbers were 1,319 units and 62 workers.

For a complete copy of the 2002 Compensation Survey, dealer principals should contact Erik Higgins in writing at the CATA.

Driving the state's economy

Annual contributions of Illinois's new-vehicle dealers

New-vehicle dealers in Illinois continue to maintain a multi-billion dollar retail industry. Dealers generate hundreds of millions of dollars of tax revenue for state

and local governments through sales taxes, corporate taxes and payroll taxes.

At look at the numbers, compiled by the NADA:

	2001 (Ill.)	2002 (Ill.)	2002 (U.S.A.)
Average sales per dealership	\$27.8 million	\$26.8 million	\$31.3 million
Total sales of all new-vehicle dealers in Illinois/U.S.A.	\$29.7 billion	\$28.1 billion	\$679.5 billion
Dealership sales as a percent of the state's total retail sales	22.9%	22.9%	21.7%
Estimated number of new-vehicle dealerships, Ill./U.S.A.	1,068	1,048	21,725
Total # new-vehicle dealership employees, Ill./U.S.A.	48,242	47,364	1,129,750
Avg. # employees at each dealership, Ill./U.S.A.	45	45	52
Average annual earnings of new-vehicle dealership employees	\$43,680	\$44,365	\$43,173
Dealership payroll as a percent of total state retail payroll	10.4%	10.6%	10.2%
Annual payroll of new-vehicle dealerships	\$2.1 billion	\$2.09 billion	\$49 billion
Avg. annual payroll per new-vehicle dealership	\$1.97 million	\$2.00 million	\$2.25 million

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Board members welcome any questions, concerns and comments from their fellow CATA members!

ASE testing dates Nov. 13, 18, 20

Registration ends Sept. 26 for autumn ASE certification testing, on Nov. 13, 18 and 20. Consumers recognize that competent technicians are certified by the National Institute for Automotive Service Excellence.

ASE offers more than 40 certification tests in eight specialties, including Automobile, Collision Repair and Refinish, Engine Machinist, Parts Specialist and Advanced Services.

To register, call ASE toll-free at 877-564-8661 or visit the institute's Web site at www.asecert.org/

**Listen to "Drive Chicago," the
CATA's own radio show, 9-10 a.m.
Saturdays on WLS Newstalk 890 AM.**

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Review past editions or search by topic at www.cata.info/

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Finding a car that's built to last

For the first time, a major quality survey by J.D. Power & Associates that looks at vehicle dependability revealed some of the duds of the industry as well as the stars.

Mercedes-Benz, Audi and Volvo all showed significant declines in quality between when their 2000 models debuted and when they were assessed again in 2003.

In the survey, Japanese vehicles continue to dominate in terms of long-term vehicle quality. Porsche topped the dependability list, and General Motors also scored above the industry average in the survey.

Among makes, Lexus scored J.D. Power's highest ranking for reliability for the ninth year in a row, with just 163 problems per 100 vehicles. The industry average was 273 problems per 100 vehicles.

Toyota models received the highest ranking in nine of the 17 vehicle categories J.D. Power measured this year.

Other notable performances in the 2003 results include Subaru and GMC, both which performed considerably better when measured at three years than when they were measured at 90 days of ownership.

Taxes

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sion vehicles are those which are designed to carry up to 10 persons. Second Division vehicles are (a) designed to carry more than 10 persons, (b) designed or used for living quarters, and (c) designed for pulling or carrying property, freight or cargo; or are vehicles of the First Division that are remodeled for use as a Second Division vehicle.

Generally, all trucks—pickups, commercial vehicles, commercial vans, cargo vans and tractors—are Second Division vehicles.

The revised "rolling stock" exemption applies to items that are purchased by interstate carriers for hire to be used as rolling stock in interstate commerce. A person or business claiming the rolling stock exemption must complete the Revenue Department's Form RUT-7. (See example in this newsletter.)

To qualify for the exemption, at least 51 percent of a motor vehicle's total trips in each consecutive 12-month pe-

riod must (a) carry persons or property for hire, and (b) either cross the Illinois border or occur outside Illinois.

Interstate carriers must document every trip, something not necessary before, to prove they meet the 51-percent threshold.

The first 12-month qualifying period for the use of a motor vehicle begins on the date of registration or titling with an Illinois agency, whichever occurs later. The vehicle must continue to be used in a qualifying manner for each consecutive 12-month period.

A motor vehicle that a company uses to transport its own people or its own goods that it sells or delivers—even if the vehicle crosses state lines—is not rolling stock. Vehicles which seldom or never leave Illinois no longer qualify for the rolling stock exemption.

To document tax-exempt purchases of rolling stock items, dealers must keep records of the purchaser's name and address and ICC number, an identification or description of the item(s) purchased, a statement that the purchaser is buying the item(s) for use as

rolling stock in interstate commerce for hire, and the purchaser's signature and date of signing.

If a vehicle qualifies for the new rolling stock exemptions, any repair and replacement parts for that vehicle also are exempt from tax.

Also effective July 1, the Replacement Vehicle Tax and sales and use tax exemptions related to the tax are repealed. If a passenger car is purchased in Illinois on behalf of an insured person as part of a total loss claim, sales tax or use tax, whichever is applicable, now must be paid on the full purchase price. As a result of the repeal, Form RVT-7 now is obsolete.

Another change effective July 1: The Tire User Fee increases from \$1 to \$2.50 (as reported in the June 9 edition of this newsletter). The increase applies to new and used tires that are sold and delivered in Illinois at retail.

The new rate will be reflected on the Illinois Revenue Department's pre-printed forms for the July-September liability period. Those completed forms must be submitted by Oct. 30.

AYES

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vance their technical education.

Jim Butcher, the AYES manager for Illinois, matches the students with dealerships. An intern works with his mentor on whatever job the mentor faces. When the mentor is confident the intern can perform a particular repair, he turns the intern loose. Mentors benefit because they get to book the work of the student, who typically earns about \$8 an hour.

"During their internships at our dealerships, the AYES students learn firsthand what technicians truly do and the level of expertise needed. We've seen how this encourages a large proportion of them to start making plans to pursue college degrees in automotive service technology—they're elevating their own career goals within the automotive field. It's a result that makes us very optimistic about the future supply of qualified technicians," said Joseph Hilger of the DaimlerChrysler Corporation.

To discuss AYES, call Butcher at 630-424-6020.

Change in use of non-secure Power-of-Attorney form

The Illinois Secretary of State no longer accepts the white-colored Non-Secure Power of Attorney form on vehicles whose title assignments require the signatures of both buyer and seller, to certify the numeric odometer reading.

Such certification is necessary under the state's Truth in Mileage Act.

In a review of the federal Truth in Mileage Act, attorneys for the secretary of state's office determined that

the red-colored Power of Attorney form should be used whenever a customer grants signature authority to another person in order to certify the required odometer reading on the title assignment.

The white-colored form still may be used for vehicles that are exempt from odometer certification, such as transactions for a duplicate title or an application for title and registration in a new owner's name.

Registration underway for '04 NADA convention in Las Vegas

Advance registration for the 2004 convention and exposition of the National Automobile Dealers Association continues through Dec. 19. Next year's event is in Las Vegas, Nev.

To register on-line, or to download a form for registration by mail, go to the NADA's Web site,

www.nada.org/convention/ The form also can be retrieved via fax-on-demand, 800-778-7209 (Document 60), or by calling the NADA's convention department at 703-821-7188.

Information is forthcoming on the convention, including speakers and programs.

This just in: Jesus drives an SUV

Jesus—and his son—drives an SUV, a full-page ad blared in the USA Today newspaper July 14.

"Jesus (pronounced hey-SOOSE) Riviera is just one real-life example of the 24 million SUV owners in this country (who) appreciate the safety, utility and versatility of their vehicles," declared the ad purchased by the SUV Owners of America.

The ad attempts to counteract the National Religious Partnership for the Environment, which last fall launched a campaign that posed the question, "What Would Jesus Drive?"

"The anti-SUV crowd is more interested in promoting a 'green' agenda than it is in serious theological reflection," said Robert Sirico of the SUVOA.

Congratulations!

General Motors recognized 115 GM dealers with the 2002 Jack Smith Leadership Award, for promoting superior performance in retail sales volume and customer satisfaction.

Seven local dealers won the award: **Thomas E. Gollinger**, Woodfield Chevrolet, Schaumburg; **Stephen X. Foley Sr.**, Steve Foley Cadillac, Northbrook; **William T. Jacobs Jr.**, Bill Jacobs Chevrolet, Joliet; **Curtis K. Pascarella**, Phillips Chevrolet, Frankfort; **Ernie D. Semersky**, Saab Exchange, Lake Bluff; **Erwin M. Weil**, Weil Cadillac, Libertyville; and **Stephen J. Woodring**, Woody Buick, Bensenville.

Aug. 13 deadline to participate in latest NADA Attitude Survey

Dealers have until Aug. 13 to return completed Summer 2003 Dealer Attitude Surveys, which the association distributed July 9.

"This survey," said NADA Industry Relations Committee Chairman Wes Lutz, "is the best vehicle we have for providing the manufacturers input and feedback.

"As you've heard us say a lot lately, the manufacturers are listening to the survey results more than ever, thanks largely to the tremendous response rate of our dealers."

Lutz said a record 43 percent of the nation's dealers

completed the Winter 2003 survey.

"Numbers like that can't be ignored," he said. "Help us to maintain or improve upon this level of participation. Let dealers in your state know how important the survey is and encourage them to respond.

Dealers may complete the paper survey received by mail, or visit www.nadasurvey.com and submit responses on-line.

"I used the Internet option this time, and it is much easier," said Lutz. "Two surveys took me all of four minutes to complete."

Marketplace

Office Manager/Controller 18 years' dealership experience. Cross-training in many departments. Organized, dedicated, self-motivated. Microsoft Word, Excel; ADP. Debra Borows, 708-804-6814.

Résumé on file at the CATA.