



CATA Bulletin



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Legislature mulls alternate revenue plans after House dashes GRT

With the Illinois legislature's May 31 adjournment looming, lawmakers appeared to have made little progress by May 17 in the arduous task of determining a state budget for the fiscal year that begins July 1, after House members trounced the governor's gross-receipts tax plan one week earlier.

Until the General Assembly adjourns, the threat of a gross-receipts tax remains, perhaps with changed tax rates or greater exemptions to shield more small businesses from the tax. Dealers must continue to call their lawmakers to convey the consequences for them of any variation of a gross-receipts tax.

Blagojevich has framed the GRT as a matter of "tax fairness" against large corporations that pay little tax to the state, and said he would use the estimated \$7.6 billion the tax would generate to fund schools and health care.



Estimates show it would cost the state more than \$1 billion more next year just to meet the growing payments on pensions, Medicaid, union contracts and other costs. But the House, after rejecting Gov. Rod Blagojevich's \$7.6 billion tax on business transactions, is left with few options for raising signifi-

cant new money.

Income or sales tax increases—both of which Blagojevich has said he would veto—and expanded gambling are being discussed by the General Assembly. Trying to get by with no tax hike, and just using the projected \$900 million more in revenue from economic expansion, might not be acceptable to some lawmakers.

"We have to do more than the status quo, but there's a lot of room between the status quo and an \$8 billion tax hike," said Rep. John Fritchey (D-Chicago). "I think we're going to be much closer to the former than the latter."

House members on May 9 unanimously rejected the gross-receipts idea, 107-0. House Speaker Michael Madigan (D-Chicago) said a tax increase is needed this spring but has de-

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A final positive Senate vote would send DOC fee legislation to governor

Legislation to increase the Illinois DOC fee awaited a final Senate vote on this newsletter's May 17 deadline. If the measure passes, it would be sent to Gov. Rod Blagojevich for his consideration.

House Bill 1657, which would take effect Jan. 1, 2008, would boost to \$150 the minimum documentary service fee that dealers can

charge customers to complete necessary paperwork in vehicle transactions.

If HB 1657 reaches the governor, he would have 60 days to either sign or veto it. Blagojevich has not indicated an opinion on the bill.

The base DOC was \$40 when it was established in 1992. Annual adjustments tied to the Consumer Price Index have increased to

\$58.48 the maximum fee that can be charged this year.

The array of federal and state regulations with which dealers must comply when selling vehicles is mounting, and dealers in at least 30 states reportedly are permitted to charge \$400 to \$900 in DOC fees.

Since 2001, for instance, new federal regulations dealers must adhere to include

the Privacy Act and the related Safeguards Rule, the Patriot Act, and the Federal Communication Commission's National Do-Not-Call or -Fax Registries.

To comply with those and other mandates, dealers must pay monthly or annual licensing fees for software or engage third-party vendors, and pay to train their employees about compliance.

Total-loss disclosure bills stuck in the mud on Capitol Hill

Identical bills addressing total-loss disclosure have been inactive since they were introduced in the House and Senate in February. The bills, Senate Bill 545 and House Resolution 1029, call for the VINs of wrecked, flooded or stolen vehicles to be made publicly available before the cars are resold.

Dealers are encouraged to contact their congressmen and Senators to urge them to reject the insurance industry alternative and to cosponsor the total loss disclosure legislation. That will ensure used-car buyers have the information they need to make educated decisions about the safety and fair market value of used vehicles.

Sen. Trent Lott (R-Miss.), the second ranking Senate Republican, introduced S. 545. But only two other senators have joined as cosponsors: Sens. John Ensign (R-Nev.) and Ted Stevens (R-Alaska). Rep. Cliff Stearns (R-Fla.) introduced H.R. 1029. The bill has added 25 cosponsors, none from Illinois. Similar legislation was considered last year by Congress, but they expired with the end of the 109th Congress last December.

Many totaled vehicles and flood-damaged Katrina cars are making it back onto the roadways when unscrupulous rebuilders buy an insurance-totaled vehicle at a salvage auction, refurbish it, and then attempt to resell it without disclosing the vehicle's significant damage history. In many cases, a vehicle with a salvage title can be easily "cleaned" or "washed" in a state with weak title disclosure rules.

David Regan, the NADA's vice president of legislative affairs, testified in April before the Senate Commerce Committee about S. 545. "The total-loss history of a vehicle," Regan said, "is the most important piece of information that consumers can use to make an educated assessment as to the safety and fair market value of a used car. With total-loss data, used car buyers—consumers and dealers—can avoid unknowingly purchasing a rebuilt wreck."

Regan said the problem exists because of confusing, incomplete and contradictory state titling systems and the fact that it is in the insurance companies' financial interest to

underreport total-loss declarations. But DMVs and title history services may never get information about vehicles totaled by insurance companies, since not all total-loss vehicles are retitled to reflect the severity of the damage.

In his remarks to the Senate committee, Regan said the Lott legislation is necessary for the following reasons:

The public needs access to more complete total-loss information. Insurance companies should provide VIN-based disclosure for all totaled vehicles as well as the reason for the total loss (flood, collision, stolen, etc.), the date, the odometer reading, and whether or not the airbag deployed. S. 545 would push this information into the public domain through vehicle history providers such as Experian's AutoCheck and Carfax.

The public needs more timely total-loss information. The ability of consumers to access VIN-based vehicle data on a timely basis before a vehicle is resold is an essential part of this solution. S. 545 would require the insurance companies to disclose the VIN of a total loss vehicle at the time of payout thereby immediately creating an electronic record that would warn the public about the history of these severely damaged vehicles.

The public needs total-loss data available in a searchable format to help assist used car buyers prior to purchasing a vehicle. The insurance companies are the first to be informed that a vehicle has been totaled, and they already track these cars in their own databases. The insurance companies should share this total-loss information with the public.

"Insurance companies can and should do more to combat title fraud by disclosing the history of these substantially damaged vehicles and keep dangerous rebuilt wrecks off the road," Regan said.

For more information and resources on total-loss vehicle data disclosure and flood-damaged vehicles, see www.NADA.org/tld.

Marketplace

Office Manager/Controller All-encompassing bookkeeping experience at high volume dealerships. Interact with manufacturer lenders, banks, marketing firms. Lead negotiator on workers compensation, fixed asset insurance policies. Consistent "rave reviews" from upper management. Brenda McKee, 847-477-6646. Résumé on file at the CATA.

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Listings of items for sale are subject to the approval of the CATA. Candidates for employment must submit a full résumé to the Editor.

Review past editions dating to 1998 or search by subject at <http://cata.drivechicago.com/>

Jerry H. Cizek III President, Publisher
Erik K. Higgins Editor, Director of Dealer Affairs

GRT

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clined to say what he would endorse. He has encouraged Blagojevich to close corporate tax loopholes.

Blagojevich, Madigan and Senate President Emil Jones of Chicago are all Democrats, and Jones and Madigan have nearly total control over which pieces of legislation are considered in their chambers.

Ordinarily, a budget plan would emerge from negotiations among the three of them, but their deep divisions have prevented that this year. Madigan hasn't made any budget proposals of his own, and he waited until the May 9 debate about a gross-receipts tax to reveal his opposition to it.

Some speculate that Madigan intends to lay out the state's expenses and tax options and then push House Democrats to agree on what they will support.

If a state budget cannot be reached by the May 31 scheduled adjournment, a supermajority of 61 percent of legislators in each branch would be needed to pass a bill, giving a stronger voice to Republicans.

DriveChicago.com, LoJack ink yearlong deal

BY MARK BILEK
CATA INTERNET DIRECTOR

DriveChicago.com, the Internet portal owned by the CATA, is in the midst of a one-year agreement with LoJack Corporation, the premier nationwide provider of wireless tracking and recovery systems for mobile assets and the leader in stolen vehicle recovery.

This agreement provided for the DriveChicago.com/LoJack sweepstakes and LoJack imprints on admission tickets for the 2007 Chicago Auto Show; and for year-long banner advertising by the company on DriveChicago.com.

The DriveChicagoLoJack Sweepstakes was a big hit with portal visitors and auto show attendees. From the contest, DriveChicago.com collected about 10,000 valid e-mail addresses that can be used for targeted marketing campaigns by DriveChicago.com and LoJack. Also, 10 randomly selected entrants won free LoJack Vehicle Recovery systems.

The agreement with LoJack was a perfect fit for both parties.

DriveChicago.com was able to promote the sweepstakes on the portal and on the CATA's weekly radio program, "Drive Chicago," Saturdays on WLS-Am 890; and LoJack was able to promote its product to Chicagoland consumers and new-car dealers.

Last year, LoJack introduced the innovative sports marketing program for consumers, "LoJack Caught Stealing," in advertising broadcast during Chicago White Sox and Chicago Cubs games. The relationship with DriveChicago.com allows LoJack to reach consumers and new-car dealers through targeted advertising on DriveChicago.com and placement in DriveChicago.com dealer traffic reports.

Dave Brauer, LoJack sales director, said the company is working with new-car dealers. "You can bring the LoJack installation functionality into the service department of your dealership through the Certified Dealer Installation program. This program gives dealers full control of the delivery process and adds fixed opera-

tion income.

"We also provide dealers with the ability to provide full lot protection through our LoJack Pre-installation program. It enables dealers to lower their unit costs while providing the consumer with the convenience of a pre-installed LoJack.

"The pre-install program provides very effective lot protection too. One of our large dealer groups had five lot-theft recoveries this year, four in the last six weeks."

Brauer said LoJack is working with captive and non-captive lenders to secure automatic advance policies. Companies such as Toyota Financial Services, Honda Financial Services, Nissan Motor Acceptance Corp. and Chase Automotive Finance allow for an automatic advance up to the \$695 suggested retail price.

The relationship between DriveChicago.com and LoJack is a great example of how the CATA is working to drive traffic to dealers. For more about DriveChicago.com, call me at 630-424-6082. For more about LoJack, call Brauer at 484-366-7257.

SIU automotive degree program travelling north on I-57 to Chicago

Southern Illinois University, which offers one of the nation's finest baccalaureate degree programs in automotive technologies, will teach coursework at Chicago's Harry S Truman College beginning this fall.

It is the first time the automotive technology program will be taught off-campus. The program involves SIU-

Carbondale and Truman College and Kennedy King College, two community colleges in Chicago.

Students who first obtain an associates degree in automotive technology from one of the two community colleges can enroll in the SIU program, for what officials described as a "two-plus-two" degree.

Jack Greer, chairman of SIU's automotive technology department, said demand to enter the department is so great in Carbondale that applicants must be turned away. But offering courses in Chicago enables the department to increase enrollments.

The program will be offered in an

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Roberts to lead minority dealers group

Desmond Roberts, principal of three dealerships that comprise Advantage Automotive Group, becomes chairman in June of the National Association of Minority Automobile Dealers.



Desmond Roberts

The NAMAD wants automakers to consider minority dealer candidates for new and open points until 15 percent of dealerships are minority-owned. In 2005, the latest year for which numbers are

available, minority dealers operated about 5.2 percent of U.S. franchises.

Nearly every manufacturer endorses the NAMAD plan in principle, but Roberts wants to measure deeds, not words.

“So often, promises are made that are not fulfilled,” he said.

Roberts has served since 2005 as president of the General Motors Minority Dealers Association, but he will step down from that post in August. He also has been on the CATA board of directors since 2004.

Roberts owns Advantage Chevrolet of Bolingbrook, Advantage Chevrolet of Hodgkins, and Advantage Chrysler-Jeep-Dodge of Des Plaines.

Consumers boost borrowing despite prices

Consumers boosted their borrowing in March at the fastest pace in four months, showing resilience in the face of rising energy prices and a painful housing slump.

The Federal Reserve report released this month showed consumer credit increased at a brisk annual rate of 6.7 percent in March. That marked a pickup from February's 2.8 percent growth rate and was the biggest increase since November.

Use of revolving credit, primarily credit cards, rose 9.2 percent in March. Demand for nonrevolving credit, used to fi-

nance cars, vacations, education and other things, rose 5.2 percent during the same month.

Consumer spending is indispensable to a healthy economy. The economy grew at an anemic 1.3 percent pace in the January-to-March quarter, the weakest in four years, due to fallout from the housing slump and belt-tightening by businesses. Consumers, however, managed to continue spending.

Consumer debt in March climbed a whopping \$13.46 billion to a record \$2.43 trillion. Economists had expected borrowing to rise \$4.5 billion that month.

SIU

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accelerated weekend format in which students attend classes Saturday and Sunday.

Several manufacturers are expected to donate vehicles for the Chicago classes, as they do in Carbondale.

Clyde El-Amin, president of Kennedy King College, said he expects his college to repeat the two-plus-two program in more fields of study.

Congratulations!

Six area Cadillac dealers join 100 others nationwide as 2006 Master Dealers, the brand's most prestigious dealership honor. They are **Cadillac of Naperville**, **Ettleson Cadillac** (Hodgkins), **Steve Foley Cadillac** (Northbrook), **Heritage Cadillac** (Lombard), **Patrick Cadillac** (Schaumburg), and **Weil Cadillac** (Libertyville).

Phillip Resnick, proprietor of **Schaumburg Toyota**, is one of 12 winners of the President's Cabinet Award, bestowed by Toyota Motor Sales, U.S.A.

Gordon Walker, owner of **Saturn of Oak Lawn** and **Saturn of Tinley Park**, is one of 27 dealers to win the 2007 Saturn Summit Award.

Ford Motor Credit Co. includes nine area dealers among its 2006 Partners in Quality: **Rod Baker Ford Sales** (Plainfield), **Community Mazda** (Oak Forest), **Friendly Ford** (Roselle), **Hennessy Ford** (Bolingbrook), **Larry Roesch Ford** (Elk Grove Village), **River Oaks Ford** (Calumet City), **Spring Hill Ford** (East Dundee), **Van Drunen Ford Co.** (Homewood), and **Zimmerman Ford** (St. Charles).

Bill Haggerty of **Haggerty Pontiac-GMC** in Villa Park, Lee Hoskins of **Hoskins Chevrolet** in Elk Grove Village, William Koloseike of **Bill Kay Chevrolet** in Lisle, Dan Kurtz of **Sunrise Chevrolet** in Glendale Heights, Dick Garber of **Sunrise Chevrolet** in Midlothian, and Mike Van Iten of **Village Pontiac-GMC** in Naperville were named President's Circle winners by selling GM Protection Plan and MRP vehicle service contracts.

The Chrysler Group's 2006 Dealer Scorecard named Joseph Handzik of **Mancari's of Orland Hills** as top parts manager among Chrysler-Jeep dealerships; and several **Dodge of Antioch** members as tops among Dodge dealerships: John Kaye, dealer; Aaron Levin, service manager; and Paul Cochrane, F&I manager.