



CATA Bulletin

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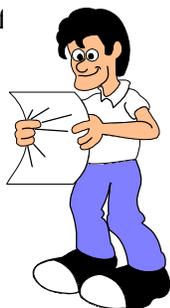
December 22, 2003

Index of 2003 CATA Bulletins enclosed

A pullout index of all items that appeared in this year's editions of the CATA Bulletin is included with this edition.

Keep the index in your CATA-issued three-ring binder for 2003, as a handy reference. New binders for 2004 will be shipped shortly.

Past newsletters also can be accessed at www.cata.info, the Internet site with helpful information for association members. Review entire editions, or use the keyword search for topic-specific articles.



Documentary fee set at \$53.52 for 2004

The state's maximum documentary service fee for 2004 is \$53.52, the Illinois attorney general's office announced Dec. 16.

The 95-cent increase over the 2003 fee reflects a 1.8 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.

The CATA developed a poster regarding the DOC fee that dealer mem-

bers can post. Two copies of the poster are included with this newsletter. Limited additional quantities are available upon request.

On the poster, the DOC fee amount is blank and left for dealers to fill in; a dealer may charge any DOC fee up to the maximum allowed, but every customer must be charged the same amount.

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

Law lessens time to release vehicle security interest

A new law reduces the length of time to release a vehicle's security interest.

Within 21 days after receipt of payment in satisfaction of a security interest, a release of the security interest must be executed and the certificate of title delivered to the proper person.

If payment is in the form of cash, a

cashier's check or money order, the time limit is reduced to 10 days.

Unlike the current law, a knowing failure to execute the release or forward the title can lead to a \$150 fine.

Gov. Rod Blagojevich signed Senate Bill 1149 into law Dec. 15. The new law takes effect Jan. 1, 2004.

Federal estate tax to decline in 2004—but not Illinois's estate tax

Financial planners are all giving similar advice to affluent clients: Stay alive until Jan. 1.

That's because estate taxes—dubbed death taxes by critics—fall sharply next year.

In 2004 the amount excluded from the federal estate levy soars to \$1.5 million, 50 percent over this year's \$1 million exclusion. In other words, the first \$1.5 million of an estate would

escape taxation.

In addition, the estate-tax rate falls above that amount, inching down to 48 percent from the 2003 rate of 49 percent.

The increased exclusion and lower rates are followed by more whittling down in coming years.

The exclusion stays \$1.5 million in 2005. It rises to \$2 million in 2006 through 2008. In 2009, it climbs to \$3.5

million.

In 2010, the federal estate tax is suspended entirely. Also, the top rate on the taxable portion of an estate keeps falling. It slips to 47 percent in 2005, to 46 percent in 2006 and to 45 percent in '07 through '09. In 2010, it is 0 percent.

But in 2011, after disappearing for one year, both the exclusion and rates

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National registry planned

Anti-spam bill signed by president

President Bush on Dec. 16 signed the so-called "can spam" bill, legislation meant to stem the flood of unwanted e-mail pitches that irritate Internet users and drain the economy. The bill supplants anti-spam laws already passed in 35 states.

The new law does not outlaw all unsolicited commercial e-mail. Businesses still can send messages to anyone with an e-mail address as long as they identify themselves clearly and honor any consumer requests to leave them alone.

The first federal law to fight spam forbids the persistent techniques used by e-mailers who send tens of millions of messages each day to sell their products and services. The law also authorizes the Federal Trade Commission to set up a "do-not-spam" registry similar to the "do-not-call" registry that began earlier this year.

Senders of unsolicited e-mails are prohibited from disguising their identity by using a false return address or misleading subject line. It also prohibits senders from harvesting addresses off Web sites and requires such e-mails to include a mechanism so recipients can indicate they do not want future mass mailings.

Since the first spam bill was introduced in Congress in 1998, junk mail has grown from a nuisance to a plague. Spam now makes up more than half of all e-mail, according to several surveys, and even online marketers have come to support some restrictions.

For years, experts discouraged Internet users from replying to unwanted e-mails with requests to be removed from future mailings because that verifies that spam was sent to a valid address. Under the new law, however, marketers are required to honor such do-not-send requests after the first unsolicited advertisement.

Also under the new federal law, consumer lawsuits against spammers are prohibited, but consumers may sue Internet service providers for damages. In rare cases, penalties for spammers can include prison of up to five years.

"This is one of the more sweeping Internet regulatory schemes we've seen," said Alan Davidson of the Washington-based Center for Democracy and Technology.

Although Davidson criticized parts of the anti-spam bill, he said consumer frustration drove lawmakers.

Car buyer's 'Bill of Rights' pushed in California

A car safety advocacy group in California filed papers this month to get a car buyer's "bill of rights" initiative on the November 2004 state ballot.

Among other things, the ballot initiative espoused by Consumers for Auto Reliability and Safety would mandate a three-day "cooling-off" period for used-car buyers, forbid hidden dealer markups on auto loans, create a specific definition and standards for certified used cars, and require disclosure of the cost of after-market items (including fabric protection and extended service contracts).

Rosemary Shahan, president of CARS, said language on dealer markups would require dealers to disclose a consumer's credit score and the lowest interest rate for which a consumer qualifies. It also would cap the amount a dealer can charge in a markup at \$150.

The CARS group has until April 16 to collect 375,000 signatures, all of which must be certified before the initiative qualifies to be placed on next year's ballots.

ASE testing dates May 4, 6, 11

Registration ends March 26 for Spring 2004 ASE certification testing, on May 4, 6 and 11. 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 Series.

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

**The CATA board of directors
and staff wish all our members
a happy and prosperous 2004!**



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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 or search by topic at www.cata.info/

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

Cheers!

By RAY SCARPELLI

METRO CHICAGO NADA DIRECTOR

December is a time to look back, a time to look forward, a time to celebrate, and a time to count blessings. Looking back at October and November sales, which were up from 2002, NADA chief economist Paul Taylor is looking forward to 2003 as being the fifth-largest sales year in history: 16.6 million units, making the last five years consecutive record-breakers. November sales were up due to unseasonably warm weather in much of the country, strong incentives, and the repeal of licensing fees for Californians who lost cars in wildfires, according to Taylor.

Department of Transportation Secretary Norman Mineta recently visited NADA headquarters to address a joint meeting of the association's Executive and Finance Committees. He offered a brief review of his department's initiatives and delivered a report from the administration on the improving economy. The secretary thanked dealers and the NADA for our work on seat belt initiatives and urged our continued support of this critical element of highway safety.

Chairman Alan Starling and the Public Affairs team reacted strongly to the unfair tarring of all dealerships by Ralph Nader's Public Citizen group, and to a "Dateline NBC" broadcast this month accusing dealers of fraudulent and deceptive F&I operations. Public Citizen even encouraged consumers to boycott dealership financing. Starling issued strong statements countering the accusations, saying the coverage was biased and citing research showing high consumer satisfaction with dealership vehicle buying transactions. He remarked, "To suggest that this is part of some kind of national conspiracy is absurd." While the NADA does not condone fraudulent dealership behavior, Starling said, "To indict an entire industry is a great disservice to the overwhelming majority of auto dealers who treat each of their customers in an honest and open manner." The media have picked up Starling's statements, bringing more balance and fairness to the coverage.

The NADA's continuing advocacy on Capitol Hill and at federal agencies continues to serve dealers today as we push for more dealer-friendly considerations in fair credit legislation and telecommunications rules. To help dealers keep up with the ever-changing do-not-call rules and unsolicited fax regulations, the association offers a dealer guide, an audiotape of a seminar, and experts on staff to answer your questions. Information is also at <https://telemarketing.donotcall.gov/> by clicking on the "Contact Help Desk" box. (For access, you must first scroll down

the home page to register at and obtain an organization ID and password.)

The 2004 NADA Convention and Exposition is certainly something to anticipate. If you're already registered, visit www.nada.org's virtual exhibit hall and planner to plot your route, set your itinerary and see what products and services will be on display. Hear from the NADA's great lineup of speakers, meet the new officers and board members, and find out who will be the Time Magazine Quality Dealer. The exposition—our largest ever—will feature great new products and services. Also look for a new NADA F&I video training program and a new CD-ROM that replaces the massive binders of workshop handouts with a single disk. Advance registration ended Dec. 19; it resumes on-site, at a higher fee.

Congratulations go to your association magazine, NADA's AutoExec, which won two gold, one silver, and two bronze awards for feature writing and design from the International Automotive Media Association Foundation. Coverage of the NADA's 2003 Convention and Exposition on NADA-TV also won an IAMA bronze.

In other news:

- The results of the NADA's Dealer Service Provider survey should reach dealers' mailboxes this month, with information on how various DSP vendors ranked in customer satisfaction. The information, also posted at www.nada.org under Technology, includes a list of providers and tips on selecting the best vendor for your dealership.

- I hope you're all using NADAExpress Internet home page to make your day easier. It's a personal planner that presents information customized to your specifications. Select from NADA information, online publications, financial info sources, leisure pursuit sites, and other options to have what you need right at your fingertips—free to you, a benefit of NADA membership.

- NADA continues to defend dealers and the franchise system in the media. NADA Chairman Alan Starling produced a forceful rebuttal to a J. D. Power article in the Wall Street Journal attacking the franchise system. And NADA past president and Automotive Retailing Today Chairman Jim Willingham pointed out the fallacies of several news articles claiming consumers complained most frequently about the car-buying experience.

As always, as your NADA board member, I stand ready to bring your views to the national office, and national office news to you, so keep in touch. And have a wonderful holiday season.

CATA dealers offered discount to attend IADA/MADA convention

Why should your customers be the only ones to benefit from a rebate?

Dealer members of the CATA have extra incentive to attend the next convention of the Illinois Automobile Dealers Association, March 30-April 4, 2004, in Lake Buena Vista, Fla.

The CATA board of directors voted to reimburse the convention's registration and social event fees for a CATA dealer principal, an \$809 savings.

A convention registration form is included with this newsletter.

The annual convention, which involves the IADA

and members of the Missouri Automobile Dealers Association, will be at the Grand Floridian Resort & Spa, considered Disney World's top resort.

Social events include a convention opening night reception, three breakfasts, one theme party and a gala banquet.

The rebate, available to one principal per CATA dealership, would be reimbursed after the convention, following attendance verification.

The convention also features group airfare rates. For more information, call the IADA at 800-252-8944.

Dealers find new uses for GAP insurance

Once used mainly in lease deals, GAP insurance increasingly is offered with traditional car loans. Sales of GAP policies through GMAC Insurance have been doubling each year and are on pace to exceed 60,000 contracts annually.

The insurance guarantees the difference between a vehicle's current value and the customer's loan balance if the car is totaled or stolen.

Sales of the policies are becoming an important profit center for dealers and specialty insurers. The premiums range from about \$350 to \$550.

GMAC, Ford Credit, and other captive finance firms offer GAP policies through their dealers, with premiums typically capped at about \$500.

Auto show materials are comin'!

During the week of Jan. 5, the CATA will ship to all members in good standing packages that are laden with (1) materials to help them in their day-to-day operations in 2004 and (2) free tickets and other items for February's Chicago Auto Show.

Are your annual CATA dues up-to-date?

Automakers rev up ad spending

Automakers have revved up their spending on U.S. advertising, boosting it by about 16 percent this year as the market becomes ever more competitive and highly promotional, an industry analyst said this month.

John Casesa of Merrill Lynch said in a research report that U.S. automotive ad spending reached about \$9.9 billion in 2003 compared with \$8.5 billion in 2002.

Citing industry sources and reports in automotive and advertising trade publications, he estimated that total spending was likely to increase another 7 percent to 8 percent in 2004, to about \$10.7 billion.

Factors driving the rise, which will put pressure on auto earnings, include a flurry of new product launches—especially from

Detroit automakers—and the growing need to “sell the deal” amid intensified consumer incentive activity, Casesa said.

“The nature of advertising spending in the auto industry is changing,” said Casesa, who estimates that advertising and marketing expenses now account for more than 15 percent of automotive revenues in the U.S. market.

“Evidence is mounting that advertising is becoming an increasingly fixed cost, as it is essential to compete in a free-for-all characterized by converging market shares, oversupply, and shortening product cycles.”

Spending on car ads rose steadily since 1995 except for 2001, when it declined due to a weakening U.S. economy and the events of Sept. 11, Casesa said.

Estate tax

CONTINUED FROM PAGE 1

rise from the dead.

The exclusion will revert to \$1 million, and the largest estates will be hit with a 55 percent rate.

Even while the federal estate-tax bite declines between 2004 and 2010, many states will depart from a long-standing practice and break the link between their own estate levies and the federal tax. They don't want their estate-tax revenue to fall as the federal haul declines.

“We've gone through a sluggish economic period, in

which states have seen their revenues from a variety of sources fall,” said Martin Nissenbaum, national director of personal income tax planning for Ernst & Young. “They are desperate for income. And they don't want to give up this source of revenue.”

States have suffered budget deficits totaling \$190 billion the past three years, according to the Center for Budget and Policy Priorities.

Eighteen states, including Illinois, have decoupled, as the process is called. Most basically froze their estate tax calculations at what they were before the federal cutbacks were passed in 2001.