



# CATA Bulletin



a biweekly newsletter

Volume 103, No. 4

February 27, 2006

## DOC fee wording amended to permit electronic registration, titling charges

*Purchase contracts must be changed*

In 1990, more than 300 Chicago area dealers entered a settlement with the office of then-Illinois Attorney General Neil Hartigan which permitted the dealers to charge a document service fee beginning at \$40 and adjusted annually. The 2006 DOC fee is \$57.33.

The 1990 agreement stipulated that, besides the DOC fee, any charges beyond the negotiated cash sale price would be limited to dealer-added options, warranty and service contracts, insurance, taxes and license and title fees.

In 2004, the Illinois Secretary of State's office equipped dealers to provide

title and registration and renewal services to their customers electronically, at their dealerships. The program permits dealers to charge up to \$25 for title and registration (\$17.75 net profit for dealer).

But for the dealers who signed the 1990 consent decree—137 of the more than 300 remain in business—charging any fee for the electronic service violated their agreement. Until now.

Dennis O'Keefe, the CATA counsel, negotiated amended consent decrees on behalf of the remaining dealers, thus permitting them to charge an electronic registra-

SEE FEE, PAGE 4

## Carfax continues battle to access IDOT accident report records

Carfax has intensified its pursuit of the notoriously inaccurate accident records maintained by the Illinois Department of Transportation. A vote to pass Senate Bill 1839 to the House chamber could be imminent.

With the help of lobbyists Jim Fletcher, deputy governor to then-Gov. James R. Thompson; and Mike Kasper, former lawyer for House Speaker Michael Madigan (D-Chicago), Carfax has enlisted 13 state senators as sponsors of SB1839. Illinois has 59 state senators.

Carfax and AutoCheck, two major companies that sell vehicle history reports, would benefit from the sale

of more reports if Illinois accident histories are added to their reports—even though the transportation department's information is wrong at least half the time.

Carfax officials have declined numerous CATA entreaties to discuss the association's concerns.

Dealers are urged to contact their state senators and representatives to derail the Carfax bill. Carfax refuses to warrant its reports or indemnify dealers for mistakes already in its databases, and the addition of erroneous Illinois Department of Transportation records would compound Carfax inaccuracies. Dealers and consumers

SEE CARFAX, PAGE 4

## Bill puts dealer license fee on sliding scale

A new-car dealer's annual Illinois license fee would be based on the number of units he sold the previous year, with top sellers paying \$1,500 a year, under legislation being considered in Springfield. The fee rose in 2004 from a flat \$100 to \$1,000.

The legislation, House Bill 280, would change the license fee for dealers who sell 3,000 or more vehicles to

\$1,500, and \$750 for each additional dealership to which the application pertains. At the low end, dealers who sell 499 vehicles or fewer would pay just \$250 a year, plus \$125 for any additional businesses.

Other thresholds and fees, under HB280: 2,000-2,999 units: \$1,250/\$625; 1,500-1,999 units \$1,000/\$500;

SEE SPRINGFIELD, PAGE 2

## Highlights many at Chicago Auto Show

Consumers turned out en masse Feb. 10-19 for the Chicago Auto Show's 98<sup>th</sup> edition, and they left in good spirits for what is regarded as the launch of local dealers' spring selling season.

Enthusiastic, multilingual media coverage contributed to an excitement for what awaited on the show floor.

SEE AUTO SHOW, PAGE 2

## Springfield

CONTINUED FROM PAGE 1

1,000-1,499 units: \$750/\$375; 500-999 units: \$500/\$250.

A companion bill, HB4898, would amend the dealer's annual license application to require applicants to declare to the secretary of state the number of units the dealership sold the previous year.

A third bill would place used-car dealer licenses on a sliding scale, at a slightly higher rate than that for new-car dealers. A used-car dealer would face a \$1,500 fee if he sold 2,500 or more units the previous year.

Other legislation being considered in Springfield:

**House Bill 4159** would amend the Illinois Vehicle Code to forbid selling a vehicle to someone who does not hold a valid driver's license issued by a state, territory or other possession of the United States. Under current law, someone without a license, or whose license has been suspended, can buy all the cars he wants, but he cannot drive any of them off the lot. The measure has rested in the House Rules Committee since October.

Any person who causes property damage while driving without liability insurance would be committing a Class 4 felony, under **HB4673**. In addition, such a person would be guilty of a Class 3 felony if another person is injured, and a Class 2 felony if another person dies from the accident.

**Senate Bill 2618** provides that the vehicle of a person who is involved in an accident while driving without liability insurance is subject to seizure and forfeiture, regardless of whether or not the person was at fault. The vehicle could be forfeited to the owner's spouse or to a properly licensed family member.

To spur the sale of fuel-efficient cars, **House Bill 4163** would extend a \$500 income tax credit for each taxpayer who buys, at retail, a hybrid or a flexible-fuel vehicle from Dec. 31, 2007 through Dec. 30, 2008. Vehicles that are modified after manufacture to be a hybrid or alternate-fuel vehicle would not qualify for the credit, and the credit could not be carried forward or back. The bill has rested in the chamber's Rule Committee since October.

## \$2.6 million raised, 2 vehicles awarded at First Look for Charity

Nineteen area charities shared in more than \$2.6 million raised by the Chicago Auto Show's benevolent event, First Look for Charity, and two attendees left with the keys to new Nissan Murano and Infiniti G35 vehicles.

The amount raised, \$2.68 million, and the 13,000 tickets sold both were record figures for the 15-year-old black-tie benefit, which is held the evening before the auto show opens its 10-day public run.

## Auto show

CONTINUED FROM PAGE 1

Automakers raised the curtain on 15 production and concept vehicles during the show's two-day Media Preview. The list includes:

- Dodge Rampage Concept
- Kia Multi-S Concept
- 2007 Chevrolet Avalanche
- 2007 Dodge Caliber SRT4, 2007 Dodge Nitro
- 2007 Hyundai Accent, 2007 Hyundai Entourage
- 2007 Lexus ES350
- 2007 Lincoln Markz AWD, 2007 Lincoln Navigator
- 2007 Mitsubishi Gallant Ralliart
- 2007 Nissan Quest
- 2007 Subaru B9 Tribeca
- 2007 Toyota Tundra
- 2007 Volkswagen Golf

### \$24,200 disbursed in ACE awards

Effective salespeople in the displays netted a combined \$24,200 under the Award for Customer Excellence (ACE) program. Salespeople at all vehicle exhibits were evaluated each day by incognito judges who rated the salespeople using various criteria.

Twenty-six salespeople won the \$100 cash award two or more times over the show's 10-day run.

Len Donnell of Joe Rizza Acura (Orland Park), James R. Flikkema of Flikkema Saab (Lansing), and Sam E. Gage of Honda of Lisle all won the award four times. Three-time winners included Craig Brown of Bentley of Northbrook, Edward Kucic of Napleton Cadillac (Park Ridge) and Ken Walter of Ed Napleton Dodge (Oak Lawn).

### Food drive nets 5½ tons

Late weekday crowds benefited the Chicago Christian Coalition League by contributing more than five tons of canned foods. The CATA extends a \$5 discount off regular adult admission to those who bring three cans of food Wednesday through Friday at the show.

The CATA Bulletin is published by the  
**Chicago Automobile Trade Association**  
 18W200 Butterfield Rd. Oakbrook Terrace, IL 60181-4810  
 630-495-CATA [2282] phone 630-495-2260 fax

The CATA Bulletin is published and mailed every other Friday except during the Chicago Auto Show, when it is not published.

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

## Participation is the key

**By Ray Scarpelli Sr.**

METRO CHICAGO NADA DIRECTOR

Membership in the National Automobile Dealers Association is at an all-time high. At the end of 2005, the association had 20,026 members—more than 93 percent of franchised new-car dealers.

That's up from 81 percent of eligible dealers in 1991. Dealers have heard the message that NADA membership can help their businesses grow. To continue to prosper, we all need to get involved and stay involved with association, industry, and community activities.

Join a 20 group. Participate in your automaker's dealer council. Host a child safety seat check or a career event for students in your community. Dealers can and do make the difference. Together, we can accomplish so much more than we can individually.

In NADA news:

- Have you used technology in an innovative way to solve a problem at your dealership, or do you know another dealer who has? The **NADA/USA Today Dealer Innovation Award** is for dealers who've led efforts to improve sales and marketing, customer service, dealer image or human resources by developing and implementing technology initiatives in 2005. Want to apply or nominate a dealer? Watch upcoming NADA publications for details.

- As the automotive industry becomes increasingly global, the NADA will debut an **International Affairs Department** this spring. "Our involvement in international activities has grown exponentially over the past few years," said outgoing NADA chairman Jack Kain. Hundreds of dealers from

other countries regularly attend the NADA convention, and the association hosted its fourth International Roundtable at the Orlando show, Feb. 11-14. Also, automakers' U.S. leaders are more likely than ever to have extensive international experience.

"The new department," said NADA President Phil Brady, "will provide analysis and serve as an information resource for the NADA by tracking international developments affecting the auto industry. We represent new-car dealers in the U.S., big and small, domestic and international. To do that most effectively, the time has come to approach international automotive affairs in a much more systematic manner."

- Extend your **2006 NADA convention experience** after it's over: Review the coverage posted on [www.autoexecmag.com](http://www.autoexecmag.com) and order workshop tapes and CDs from [www.PlaybackNow.com/](http://www.PlaybackNow.com/) Plus, visit the convention Web site ([www.nada.org/convention](http://www.nada.org/convention)) to view information on the convention exhibitors and additional virtual exhibitors. All information will be posted through June.

- **Ninety-four percent of U.S. franchised new-car and light-truck dealers have Web sites**, according to the annual Dealership Internet Survey from NADA's Industry Analysis Division. (This proportion has doubled since 1994.)

Most dealership Web sites allow car shoppers to view stock and MSRP, fill out finance forms, and schedule sales and service appointments. Many others allow online ordering and link directly to related financial, insurance and auto sites. Dealers say their most common online customer-care tasks are

responding to requests for price quotes and setting up service and sales appointments.

In legislative and regulatory news:

- Consumers can get **federal tax credits** for the purchase of **new hybrid, advanced lean-burn diesel, fuel cell and clean-fuel vehicles**.

— Individuals or businesses that purchase new hybrid vehicles will qualify for federal tax credits of up to \$3,400, but the credit amount varies by model. The Internal Revenue Service has not yet announced credit amounts for specific models. Visit [www.aceee.org/transportation/hybtaxcred.htm](http://www.aceee.org/transportation/hybtaxcred.htm) for estimates. The NADA will share further information as soon as the IRS releases it.

— The tax credit is also applicable for new clean diesels, and qualifying vehicles are expected to be on the market in late 2006.

— The tax credit will phase out at different times for each manufacturer. Once an automaker reaches 60,000 hybrid and lean-burn diesel sales, buyers of these vehicles can only get the full tax credit for the remainder of that quarter and the next quarter. The credit then phases out.

— For sales of vehicles used by tax-exempt entities, the person who sells the vehicle is treated as the taxpayer and is able to claim the credit so long as the amount allowable as a credit is clearly disclosed to the user in a document.

— Some state and local governments also provide incentives for hybrid and alternative-fuel vehicles.

Contact me any time at Raymond Chevrolet, 847-395-3600, to discuss your views.

## Coupons, offers must not be limited to Internet

A sharp rise has been seen on area dealers' Web sites in the use of coupons or other limited specials that are presented only on the Web sites.

Steve Bernas, whose Better Business Bureau-Chicago office monitors dealer advertising for compliance with Illinois regulations, reminds dealers that a vehicle must be sold for no more than its advertised price, and the price advertised must be available for everyone regardless of whether they have seen a special advertisement offer.

Therefore, Bernas said, "any limited offer to a select group, including but not limited to your previous clients, is currently prohibited under Illinois law. Additionally, as a reminder, there is a

prohibition of the use of coupons in connection with the purchase of a motor vehicle in the state of Illinois."

Dealers and their advertisers with concerns or complaints about any current Illinois advertising practices should contact Bernas, the BBB-Chicago's operations vice president, at [sbernas@chicago.bbb.org](mailto:sbernas@chicago.bbb.org) or 312-245-2514.

Bernas's e-mail address correlates with the BBB Web site, [www.chicago.bbb.org](http://www.chicago.bbb.org), which contains the up-to-date advertising regulations. Please remember that all correspondence with the BBB remains confidential in accordance with the current BBB-CATA Ad Review Program.

## Carfax

CONTINUED FROM PAGE 1

must be protected from the inaccurate and incomplete IDOT records.

IDOT reported that the fiscal impact on the department of passing the legislation "would be substantial, in that a system would need to be created to verify the correctness of (any) VIN submitted to IDOT," according to Illinois General Assembly notes about the bill.

A VIN entered wrongly on an accident report or transposed later by a typist would assign any damage to a different vehicle. But equally troubling about IDOT records is the fact that police who complete the accident reports are not experts in assessing damages. Accident reports merely indicate whether damages exceed a \$500 threshold, but do not distinguish the type of damage or vandalism that could affect resale value.

Illinois Sen. Kirk Dillard (R-Hinsdale), one of the bill's sponsors, has dismissed the prospect of errors, saying that even if some mistakes are made on accident records, more consumers would be helped than hurt.

To be sure, Carfax would not be hurt; the company does not guarantee the accuracy of its reports, which it sells for about \$20 each.

## Fee

CONTINUED FROM PAGE 1

tion and titling fee. However, the dealers' notices to their customers must be changed to account for the allowance.

Two copies of the amended "To Our Customers" poster are included for dealers to post. Purchase contracts also must reflect the new language as soon as is reasonably possible, which the Cook County court indicated would be upon re-order. Refer to the posters included with this newsletter for the proper wording.

The text on buyer's orders must be at least 8-point type.

## Marketplace

**GM Experience** managing daily operations of all dealership departments, including New and Used vehicles, Finance, Aftermarket sales, Service, Parts, Body Shop and Financial administration. Dealership sales volume ranked in Top 15 of 260 dealers in market seven straight years. Thomas Hawkes, 708-790-1259.

**Controller/Office Manager** 19 years experience with expertise in GM, Mercedes-Benz and Mazda dealership accounting. Familiarity with Daimler Chrysler. Financial management, reporting, analysis, inventory control, more. Reynolds & Reynolds and ADP accounting systems. James E. McCallister 815-464-7665.

**Payroll/HR Manager** at larger dealership. 15 years dealership experience (9 years as HR Mgr. at diverse dealership). ADP, 401k, insurance, benefits, FMLA, EEO, Excel, general ledger, Reynolds. Wrote company newsletter, more. Contact [HR\\_Manager\\_Professional@yahoo.com](mailto:HR_Manager_Professional@yahoo.com)

Résumés of all candidates are on file at the CATA.

## In Memoriam

Francis C. Cirrincione, a co-owner of Fox Valley Ford in North Aurora, died of pancreatic cancer on Jan. 29. He was 63.

Mr. Cirrincione's first dealership position was as comptroller at Ed Fanning Chevrolet in Aurora. In 1981, he and friend Mike Collins bought Aurora's Fox Valley Ford. In 1996, the dealership relocated to North Aurora.

Mr. Cirrincione is survived by his wife of 39 years, Maureen; sons Daniel and James; a daughter, Kathleen; and four grandchildren. Contributions may be given to the Wendy Will Case Cancer Fund Inc., 312-704-8638; or to Misericordia Heart of Mercy, 773-973-6300.