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## Fuel economy increases move closer to rollback

New rules enacting President Donald Trump's reductions in fuel efficiency standards for new vehicles through 2026 moved closer to reality when U.S. agencies on Jan. 14 sent proposals to the White House for final review.

After more than 17 months of discussion, the National Highway Traffic Safety Administration and the Environmental Protection Agency submitted to the White House Office of Management and Budget proposed rules for model years 2021-2026 fuel efficiency, the agencies said.

Final rules are expected as early as late February or March, officials said.

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## Bills filed to repeal trade-in cap, open Sunday sales

Legislation has been filed in Springfield to replace the \$10,000 trade-in allowance limit, which was enacted this month, and to open dealerships to Sunday sales.

Both bills were filed Jan. 22. The state's General Assembly convenes for the 2020 Spring Legislative Session on Jan. 28.

Under Senate Bill 2481, increasing the sales tax owed on private vehicle transactions would collect the \$45 million a year that officials say the trade-in cap will raise. Taxes dues on private

sales have not been adjusted in decades. The legislation was introduced by Democratic Sen. Antonio Muñoz of Chicago.

House Bill 4212, introduced by Illinois Rep. Yehiel "Mark" Kalish, D-Skokie, would repeal Section 5-106 of the Illinois Vehicle Code, which prohibits the retail sale of vehicles on Sundays.

Legislation to open dealerships to sales on Sundays has been introduced in Springfield every spring since 2014.

## Illinois trade-in cap affects out-of-staters differently

Dealers should be aware that of all the states bordering Illinois, Indiana is the only "non-reciprocal" state. That means that an Indiana resident who trades in a vehicle when purchasing from an Illinois Dealer is subject to the Illinois \$10,000 trade-in tax

cap. Conversely, when a resident of any other bordering state (Wisconsin, Iowa, Missouri, etc.) purchases a vehicle from an Il-

linois Dealer, the rule hasn't changed.

That means the Illinois Dealer can provide a driveaway stick-

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## Retail sales of used vehicles expected to grow in 2020

Cox Automotive forecasts sales of 39.4 million used vehicles this year by dealers and private parties, down from the estimated 39.6 million in 2019. Sales by franchised and independent dealers would total 20.3 million, up from 20.0 million last year.

Jonathan Smoke,

Cox's chief economist, expects this year to mark "the beginning of a slight decline in total" used-vehicle sales. While used-vehicle sales by dealerships should keep on climbing.

"We believe the retail market will continue to grow as the supply shifts to high-

er-quality, younger and more expensive used vehicles," Smoke said.

The National Automobile Dealers Association said that affordability issues on the new-car side, along with robust used-car inventory levels, have some consumers moving from new to used.

"As affordability

remains a challenge, more consumers chose used vehicles in 2019,"

NADA chief economist Patrick Manzi said in the analysis. "New cars are getting too expensive for many consumers. Even consumers with great credit or the ability to buy new are instead choosing a used vehicle."

## Curtains ready to rise for 112th Chicago Auto Show

Auto shows provide an ideal opportunity for automakers to shake hands with customers and potential customers. As a result, several have gone “all in” on large consumer shows in an effort to engage with the public.

In a Dec. 9 Automotive News article, Honda’s Sage Marie, assistant vice president for public relations said: “From a consumer standpoint, auto shows are stable and growing in importance. From a media standpoint, the dynamic is definitely chang-

ing. The way automakers leverage auto shows to deploy news is changing.”

He added, “It’s fishing where the fish are.”

The nation’s longest running auto show, the Chicago Auto Show opens its doors to the masses Feb. 8, but lots will happen before then. On Feb. 5, the show’s Concept & Technology Garage gives automotive media a fantastic opportunity to take a deep dive into the latest automotive trends.

Group Vice President

– Toyota Division Marketing at Toyota North America Edward (Ed) Laukes will be the keynote speaker Feb. 6 at the Midwest Automotive Media Association Breakfast, which kicks off the Media Preview of the 2020 Chicago Auto Show.

Also during the media preview portion of the show, Cody Thacker, head of electrification for Audi of America, will be the keynote speaker on Feb. 6 at the Economic Club of Chicago Luncheon. Thacker leads



the team whose mission is to ready the organization for electric vehicles and other emerging automotive trends.

Show hours are 10 a.m.-10 p.m. Feb. 8-16, and 10 a.m.-8 p.m. Feb. 17. Tickets are \$13 for adults; and \$8 for seniors aged 62 and older and for children ages 7-12. Younger children are free.

## ASE now offers 4 tests with Spanish/English option

New this month, technicians taking certain ASE automobile certification tests — Suspension & Steering (A4); Brakes (A5); Electrical/Electronic Systems (A6); or Auto Maintenance and Light Repair (G1) — have the option to see each question in a split-screen, Spanish/English format.

No special registration procedure is needed to access the Spanish translation, which is built into the test delivery screen. Test-takers will click on a “Leer en Español” (“Read in Spanish”) button to call up a screen showing the question and answer options in both Spanish and English.

All ASE tests will continue to have the searchable English-to-Spanish Glossary of technical terms which can be helpful to resolve dialectal differences. In addition, anyone for whom English is a second language may bring a standard, published English-to-foreign language dictionary to use at the test center.

Only the listed four certification and recertification tests have the new bilingual feature this year. However,

ASE anticipates Spanish translation of the other automobile series tests required for Master status to be available later.

Visit [www.ase.com/Tests/ASE-Certification-Tests/Spanish-Testing.aspx](http://www.ase.com/Tests/ASE-Certification-Tests/Spanish-Testing.aspx) for information in Spanish about the new translation option.

Established in 1972, the National Institute for Automotive Service Excellence is an independent, third party nonprofit organization. ASE upholds and promotes high standards of service and repair through the assessment, certification and credentialing of current and future industry professionals, and the prestigious ASE Blue Seal logo identifies professionals who possess the essential knowledge and skills to perform with excellence.

There are about 250,000 ASE Certified professionals at work today in dealerships, independent shops, collision repair shops, auto parts stores, fleets, schools and colleges throughout the country.

For more about ASE, visit [www.ase.com](http://www.ase.com).

## In Memoriam

**Jay Van Dahm Jr.**, co-owner of a namesake new-car dealership in Oak Lawn, died Jan. 16. He was 78.

Van Dahm Lincoln-Mercury operated 1965-1997 at 10201 S. Cicero Ave.

Survivors include daughters Cheryl, Laura and Michelle; eight grandchildren; and two great-grandchildren.

Memorial appreciated to Camp Manitoqua, 8122 W. Sauk Trail, Frankfort, IL 60423.



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Review past editions dating to 1998 or search by subject at [www.cata.info/publication/bulletins](http://www.cata.info/publication/bulletins).

David E. Sloan  
Erik K. Higgins

President, Publisher  
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## Manufacturers rethinking the meaning of ‘premium’

As the automobile industry undergoes major shifts in coming years, manufacturers will have to re-think their definition of “premium,” according to McKinsey, a business consultancy keeping tabs on trends in the industry and the emerging mobility sector.

Ben Ellenweig, a New York-based McKinsey partner specializing in mobility, said the definition of premium is expanding beyond the product to include features such as connectivity, the retail experience and how service is provided. Looking ahead, it likely will include access to other mobility services. Customers for premium services will be treated differently, he predicts, as manufacturers and dealers work to create services that meet all their mobility needs.

The changes in the automotive sector are being driven by several long-term trends: urbanization, regulatory actions that are placing tighter controls on vehicles, new technology and a revolution in consumer expectations, Ellenweig said Jan. 14 during a McKinsey presentation to the Detroit Automotive Press Association.

Eighty-eight percent of executives surveyed by McKinsey agree some manufacturers and suppliers will disappear by 2030 amid industry disruption, but even that view may be too complacent. More will need to be done to prepare for future

changes, he said.

Ellenweig said connectivity and design are the new benchmarks for luxury, especially for navigation over short distances. Premium customers want vehicle communications with smart roads and traffic services, as well as the ability to communicate with other vehicles, integration with smartphones and full integration with media subscription services.

Exterior and interior styling are top differentiators for manufacturers and consumers alike. The greatest values are interior functionality, space and human-machine interfaces, all of which will play major roles in differentiating vehicles and winning customers, Ellenweig said.

Though powertrain remains one of the top three differentiators, non-classic features such as battery performance are becoming more important.

In a challenge to traditional notions of brand appeal, 40% of premium customers say they would switch brands to gain better connectivity.

As dealer profits face increasing pressure, parts and services will be critical to dealers’ economic viability. Franchise parts and services businesses should be aware of new digital players with aggressive price points. Online sales represent a growing share of the \$54 billion auto-parts market, Ellenweig noted.

Inga Maurer, a McKinsey partner based in Chicago who consults on mobility issues, said the increasing

popularity of electrified powertrains will significantly impact dealer repair work. But dealers can take advantage of increasingly available vehicle data and sell upgraded maintenance services.

Used-vehicle sales likely will become less profitable for dealers because of intense competition from online services, she said. At the same time, captive-finance companies are becoming more active in the used-car market as cars that are one to four years old become more popular in reaction to the rising price of new vehicles.

Dealers and manufacturers struggling with the question of residual value are looking for more accurate data, which could help free up more financing for used vehicles.

Maurer also said one issue the mobility sector will have to face is cities taking greater control of their road networks through tighter regulation in a bid to control congestion.

McKinsey studies indicate the amount of time spent commuting could increase 10% over the next decade, putting more pressure on regulators.

“Cities have to come to terms with regulations when there are too many vehicles on the road,” said Maurer, who notes Chicago is limiting the number of ride-sharing vehicles operated by companies such as Uber and Lyft in the center of the city.

## Cap

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er, subject to rules in place for qualification (customer must be a “resident” of that reciprocal state, sign an Illinois DOR approved affidavit to that effect,

and provide a copy of an out of state driver’s license or other approved identification to the selling dealer), and the customer then can register the vehicle in, and pay tax to, the reciprocal state with-

out any Illinois tax obligation.

The tax laws of the reciprocal state will dictate the amount of tax paid, and the Illinois trade in cap will not impact the transaction.

## Bulletin on hiatus

The CATA Bulletin will take a one issue break on Feb. 10, in deference to the 2020 Chicago Auto Show. The next edition is Feb. 24.



## Member-discounted auto show tickets on sale

Tickets and vouchers that admit the holder to the 2020 Chicago Auto Show free or at a reduced price can be ordered by CATA members using the order form posted at [www.CATA.info](http://www.CATA.info).

The passes promote goodwill with customers and even can help persuade a prospect to close a deal. Two kinds of passes are available, General Admission tickets and Weekday Discount vouchers. The former, which costs CATA members \$700 for 100 tickets, admits the holder to the auto show free, without a box-office wait. The voucher costs members \$100 for 100 and admits the holder for \$8 during the week.

Regular admission is \$13. A minimum 100 passes must be requested with either order.



## Fuel

CONTINUED FROM PAGE 1

The administration of former President Barack Obama had required car manufacturers to achieve roughly 5% annual increases in vehicle fuel efficiency through the 2026 model year.

The Trump administration in August 2018 proposed freezing fuel efficiency standards at 2020 levels through 2026, erasing the increases the Obama administration enacted. But officials will not finalize that proposal.

"We're not going to be flat, as was proposed," Acting NHTSA Administrator James Owens told Reuters in a recent interview. "We're going to set standards that are reasonable and achievable."

Several automakers told Reuters they anticipate annual fuel efficiency increases of about 1.5%, much less stringent than the Obama rules, but administration aides said the proposal, which is about 2,000 pages, underwent significant revisions.

The EPA said the final rules "will benefit all Americans by improving the U.S. fleet's fuel economy, reducing air pollution, and making new vehicles more affordable for all Americans."

The administration has argued that the rollbacks are necessary for economic and safety reasons, but California and environmentalists reject that analysis, saying consumers would spend hundreds of billions more in fuel costs.

## White remains No. 1 choice for car color

White remained the most popular car color in 2019, according to Germany-based chemical company BASF, which does an annual report on automotive coatings.

About 39% of all cars built globally are white. In North America, white, black, silver and gray make up 77% of the market.

Smaller vehicles are more likely to show a blast of color, according to the report that also said pickup trucks in North America are trending toward deep, rich blacks.

Paul Czornij, a designer for BASF in Michigan, recounted that silver was the most popular global color in the late 1990s and early 2000s. "A lot of that," he said, "related to automotive technology and how silver represented that."

Czornij said white made inroads because other industries began using it to demonstrate the face of technology. A software and computer company led the way by making white a popular color for phones, radios and gadgets.

"The automotive market said, 'OK, what can we do to bring white as a color that would be more than what it had been in the past?'" he recounted. "There was an advent of a pearlescent look to white. It is associated with sophistication, beauty and purity. It's even being used now to show off environmentally friendly vehicles."

When people think "environmentally friendly, they probably think "green." Czornij said that color had its highest popularity in the mid-1990s. "It was pretty significant," he said. "We're seeing more movement in green, but it might be a while before it starts showing up more on cars. Right now, white seems to rule the roost."

Juan Flores from Kelley Blue Book said that emerald green looks great on the new-car lot but doesn't do so well in the used-car market. It loses \$500 to \$700 of its residual value just because of the color.

Czornij said there is a prevailing line of thought that one has to have a neutral color – usually white, black, silver or gray – to make the car easier to sell the car. "Also," he said, "if you buy, say, a silver or gray car, you can probably rest easy that color won't fall out of fashion. Whereas, if you buy a bright purple car, that might not be the case.

"You may like a particular color on your cellphone or something small. It gives a certain impression. But if you take that same color and spread it out on a big surface like a car, it will have a different look and feel."

Mike Jackson, the retired CEO of AutoNation once said, "Do you know how many people go to a dealership looking for a white vehicle, and end up driving away in a black one?" His point was that car shoppers can be flexible on colors, even contrasting colors.