

FEBRUARY 2020

2020

**NADA SHOW
MAGAZINE**

INSIDE THIS ISSUE

Auto Shows + Academy Turns 40 + NADA Data + Who's Who + Year in Review + Regulatory Maze

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Digital Contents

FEBRUARY 2020

NADA Show Magazine

Along with key print publications—including the *NADA Show Magazine* and *NADA Show Program Directory*—NADA offers timely coverage on its digital platforms all year long.



DIGITAL

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Welcome

FEBRUARY 2020 | NADA Show Magazine



AUTO RETAIL: LABOR OF LOVE

There's a lot to love at this year's NADA Show, which—appropriately enough—kicks off on Valentine's Day.

Thousands of fellow dealers and managers, OEM execs, allied industry and international guests are converging on the Entertainment Capital of the World to connect with their peers and learn about the latest industry innovations.

Attendees will find 500-plus exhibitors, more than 60 workshops and an impressive list of keynote speakers. Comedian Kathleen Madigan, a former journalist, now sells out comedy clubs and theaters across the country. The Right Honourable David Cameron, former Prime Minister of the United Kingdom, knows a thing or two about leadership and global change. And General Motors Chairman and CEO Mary Barra looks at building a stronger future for customers, dealers and GM.

There also are plenty of new features at this year's NADA Show (page 6). These include a Valentine's Day reception, an expanded Women Driving Auto Retail brunch, a new Digital Super Track and more.

While the NADA Show is the auto-retail event of the year, local auto shows create their own industry buzz (page 18). They remain an ideal place for dealers, automakers and consumers to celebrate our industry.

The NADA Academy has its own reason to celebrate this year: The first class graduated 40 years ago (page 28). More than 11,000 students have graduated since then. And for 2020, some classes already are sold out.

So whether you're attending NADA Show, putting on a local auto show or matriculating through NADA Academy, one thing is obvious: Being a part of this industry is a labor of love.

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What's New at 2020 **NADA** SHOW



NADA Live Stage

After a year's hiatus, NADA is bringing back its popular Live Stage, a major hub for attendees to gather and view dynamic panel discussions and interviews. Essentially a live broadcast studio, the Live Stage is located in the high-traffic central concourse—just outside the entrance to the expo hall. Look for engaging interviews with keynote speakers, various OEM execs and sometimes even a celebrity or two.

The Live Stage is open during these hours:

Friday, February 14	9am-5pm
Saturday, February 15	8am-2pm
Sunday, February 16	8:30am-3pm
Monday, February 17	8:30am-2:30pm

Dealers know it's important to stay abreast of the latest trends and technology in the industry. Same goes for NADA Show, which each year looks for innovative workshops and enhanced show experiences to offer attendees. Here's what's new at the 2020 NADA Show.



Women Driving Auto Retail: Brunch, Video Contest

The annual brunch is a high-profile networking and education event, with up to 300 of the industry's top businesswomen discussing how they are shaping auto retail and creating opportunities for the next generation. Because of the popularity of this event, the brunch has been expanded to three hours and now features two main sessions headlined by industry experts. There's also the popular Women Driving Auto Retail Video Contest video contest, where this year's winner will be announced and interviewed as part of a major press event on the Live Stage.



Valentine's Day Welcome Reception

The NADA Welcome Reception, co-hosted by J.D. Power, has gone all out this year with a Valentine's Day theme. The reception will be held on February 14 in the Encore hotel at the XS Nighclub, one of the most elegant and popular venues in Vegas.



Distinguished Speakers Series

The popular Distinguished Speakers Series is more dynamic than ever. Keynoters include best-selling author Erik Qualman; motivational speaker Kevin Brown; workforce strategist and management trendspotter Seth Mattison; teamwork expert and former pro baseball player Mike Robbins; and Emmy Award-winning comedian and TV host Ross Shafer.



Digital Super Track

NADA has a new workshop track designed especially for attendees who want to get hyper-focused on the digital auto-retail world. Topics include effective Facebook and Google strategies, enhanced digital marketing tools, increasing online leads, leveraging data and more.



Dealer Flash Contest

This NADA Show contest lets you express your creativity by stopping at various “flash locations” or checkpoints throughout the convention center, take a dynamic selfie or two, and then share on social media. The contest is available only to dealer or manager attendees, who can win up to \$1,000 and free registration for NADA Show 2021 in New Orleans.

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2020 **NADASHOW**



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AND AN OPPORTUNITY TO WIN A ONE-OF-A-KIND HARLEY!**



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Fun Facts

LAS VEGAS

BY PETER CRAIG

Forget “Gambling Capital of the World.” How about “Oasis of Transportation Innovation” instead?

Four years ago, Vegas opened its “Innovation District,” a testing ground for tech companies to pilot their new inventions. The goal: Make Vegas a “smart city” by 2025, with a network of “connected corridors” for autonomous vehicles.

In 2017, Vegas tested the nation’s first self-driving shuttle, which operates by directly communicating with traffic signals, dedicated short-range radios and other devices.

Here are some other Vegas fun facts.



“City of Lights,” for Sure

There are more than 9,900,000 lightbulbs and over 15 miles of neon tubes on the Strip alone.



Hotel Hell

To stay a single night in every hotel room in the city would take you about 300 years.



Gimme (Bomb) Shelter

Built 26 feet below Spencer Street in 1978, the 6,000-square-foot Underground House features a pool, barbecue area and putting green.



Bible Lesson

The massive onslaught of grasshoppers Vegas saw last summer alarmed tourists and inhabitants alike. What's next for "Sin City"? Locusts?



Don't Drink the Water!

Many Vegas fountains and man-made lakes use "gray water"—recycled from hotel-casino sinks, bathtubs and showers.

Tops in Tech

The two hottest tech start-ups on *The Tech Tribune's* 2019 Vegas top 10 are the A.I. influencer Influential and SmartCare.



Moving Experience

LinkedIn's February 2018 Workforce Report found 44% more LinkedIn members moved to Vegas in 2017 than the year before.

What Happens at Caesars...

The 2009 movie *The Hangover*—about a bachelor's party gone uber-rogue—was mainly shot on location at Caesars Palace (exception: the trashed hotel suite). Years later, hotel guests are still subjecting staff to popular *Hangover* lines like "Did Caesar live here?"

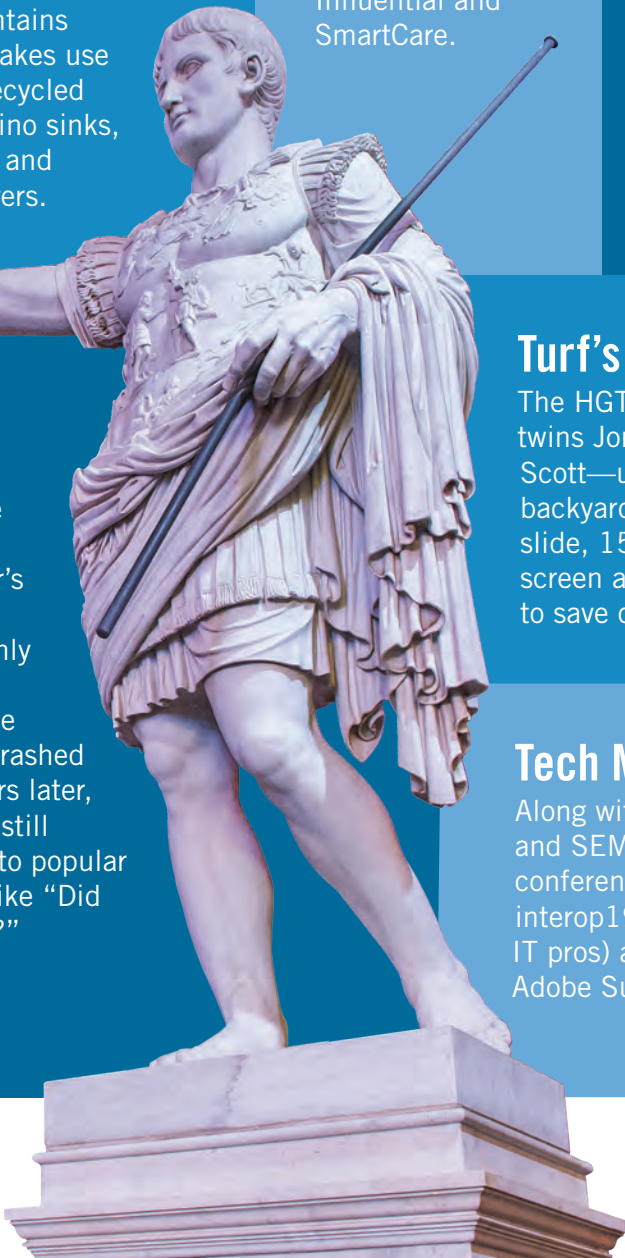
Turf's Up

The HGTV Property Brothers—twins Jonathan and Drew Scott—upgraded their Vegas backyard with a two-story water slide, 15-foot projection screen and artificial turf to save on water.



Tech Magnet

Along with the usual Consumer Electronics Show and SEMA, the city last year drew top tech conferences like interop19 (for IT pros) and Adobe Summit.





NOMINEES FOR THE 2020 *TIME* DEALER OF THE YEAR AWARD

Edward Babcock

Junction Auto Family
Chardon, Ohio

Tommy Baker

Baker Motor Co.
Charleston, S.C.

Winstead Paine "W.P." Bone

Wilson County Motors
Lebanon, Tenn.

Steven Brimhall

Minnesota Motor Co.
Fergus Falls, Minn.

Steve Brown

Frank Leta Acura
St. Louis, Mo.

Jim Buzzetta

Mercedes-Benz of Huntington
Huntington, N.Y.

Donald Cavanaugh

Cavanaugh Ford/Lincoln
Jonesboro, Ark.

Colleen Chapleski

Dean Arbour Ford of Tawas
Tawas City, Mich.

Raymond Ciccolo

Boston Volvo Cars
Boston, Mass.

Jim Coleman

Jim Coleman Toyota
Bethesda, Md.

David Cuene

Broadway Automotive
Green Bay, Wis.

Terry D'Arcy

D'Arcy Buick/GMC
Joliet, Ill.

David G. Daunhauer

Byerly Ford
Louisville, Ky.

Jacqueline De Luz

Big Island Toyota
Hilo, Hawaii

George Doetsch III

Apple Ford/Lincoln
Columbia, Md.

John Ernst

Ernst Toyota
Columbus, Neb.

William Farrell

Berglund Luxury Roanoke
Roanoke, Va.

Fletcher Flower

Flower Motor Co.
Montrose, Colo.

Paul Gaudet

AutoServ Dealerships
Tilton, N.H.

Stacey Gillman

Gillman Subaru
Houston, Texas

Bill Golling

Golling Chrysler/Dodge/Jeep/Ram
Bloomfield Hills, Mich.

Jeffrey Haraden

Mohawk Honda
Glenville, N.Y.

Eric Henricksen

Don Aadsen Ford
Ronan, Mont.

David Kelleher

David Dodge/Chrysler/Jeep/Ram
Glen Mills, Pa.

Steve Klein

Klein Honda
Everett, Wash.

Doug Knust

Harry K Ford Store
Winner, S.D.

Christian Kostelecky

Sax Motor Co.
Dickinson, N.D.

Lawrence Kull

Burns Honda
Marlton, N.J.

Ken Marks

Tallahassee Dodge/Chrysler/Jeep/Ram
Tallahassee, Fla.

Walt Massey

Walt Massey Chevrolet/Buick/GMC
Lucedale, Miss.

Greg Maurer

Dale Willey Automotive
Lawrence, Kan.

Tom Miller

Tom O'Brien Chrysler/Jeep/Dodge/Ram
Greenwood, Ind.

Susan Moffitt

Porsche Shreveport
Shreveport, La.

Steven Olliges

Team Ford/Lincoln
Las Vegas, Nev.

Diana Pfeiffer

Alaska Sales and Service-Anchorage
Anchorage, Alaska

Mark Porter

Mark Porter Chevrolet/Buick/GMC
Pomeroy, Ohio



TIME

Dealer OF THE Year

HONORING
THE BEST OF THE BEST.

BY PETER CRAIG

Dan Roesch

Larry Roesch Chrysler/Jeep/
Dodge/Ram
Elmhurst, Ill.

Paul Rusnak

RUSNAK/Arcadia dba Mercedes
Benz of Arcadia
Arcadia, Calif.

William Strickland

Bellamy-Strickland Chevrolet/
Buick/GMC/Isuzu
McDonough, Ga.

Bradford Strong

Strong Volkswagen
Salt Lake City, Utah

Eric Stuteville

Stuteville Chevrolet of Durant
Durant, Okla.

Howard Tenenbaum

Keyes Toyota
Van Nuys, Calif.

Wally Thornhill

Thornhill GM Superstore
Chapmanville, W.Va.

Natalie Tindol

Tindol Ford Roush
Gastonia, N.C.

Brian Tyrrell

Tyrrell Chevrolet Co.
Cheyenne, Wyo.

Santosh Viswanathan

Willis Ford
Smyrna, Del.

Ronnie Watkins

Ronnie Watkins Ford
Gadsden, Ala.

Richard Willis

Willis Lexus
Des Moines, Iowa

Greg Wills

Wills Toyota
Twin Falls, Idaho

The competition for the 2020 TIME Dealer of the Year was truly red-hot. But now a panel of faculty members from the University of Michigan's Tauber Institute of Global Operations has selected a winner, to be announced at the opening general session of NADA Show 2020 in Las Vegas on Friday, February 14.

The TIME Dealer of the Year is sponsored by Ally. All 49 nominees are all successful new-vehicle dealers whose strong commitment to their local communities includes everything from educating teens on safe driving to aiding in clothing and food drives to supporting organizations like the Special Olympics, the American Cancer Society and the Boys & Girls Clubs of America.

Through the years, the majority of winners and nominees in this predominantly male business have been men, but the number of female nominees has been growing, with a record six women on the list this year. So far, three female dealers have won: Sheila Garcia in 1992, Tracy Shields Jones in 2007 and Kitty Van Bortell in 2016.

So may the best man or woman win in what will mark the 51st TIME Dealer of the Year celebration. ❖

2019

Year in Review

NADA annual highlights.

BY JOE PHILLIPS

In 2020, NADA is already active on many fronts, including legislative and regulatory actions that impact dealerships. Looking back to 2019, here are just some of NADA initiatives and projects that helped benefit dealers and their stores.



JANUARY

- NADA and ATD Shows are held in San Francisco, with over 22,000 attendees, 500-plus exhibitors and 59 workshops.
- Texas dealer Charlie Gilchrist becomes NADA chairman. Louisiana dealer Jodie Teuton begins second year as ATD chairwoman.

22,000+

NUMBER OF ATTENDEES AT 2019 NADA SHOW
IN SAN FRANCISCO.

- NADA donates \$50,000 to San Francisco-Marin Food Bank.
- Adesa holds eighth annual auction to benefit NADA Foundation's Frank E. McCarthy Memorial Fund, which supports Canine Companions. To date, the auctions have raised nearly \$500,000.
- As part of its Workforce Initiative, the NADA Foundation launches a centralized website featuring all OEM and industry training programs and scholarships for aspiring service techs.
- Toyota donates \$100,000 to NADA Foundation's Workforce Initiative.

- ATD launches "Modernize the Truck Fleet," a coalition to repeal the federal excise tax (FET) on heavy-duty trucks.
- NADA's advocacy team focuses on trade, including potential tariffs on autos and auto parts, as well as fair credit for consumers.



FEBRUARY

- NADA continues efforts to urge Defense Department to withdraw its interpretation of the Military Lending Act (MLA), which prevents dealers from offering GAP and credit insurance to certain members of the military and their dependents.
- NADA runs full-page advertorial in *Automotive News* on "Solving the Technician Shortage Crisis."



MARCH

- Annual NADA/J.D. Power Automotive Forum is held in New York City, with top execs from Genesis, Mitsubishi, Toyota and Volkswagen.
- NADA rebuts misleading FICO survey data, which underreports the number of consumers using dealer-assisted financing.
- NADA encourages members to participate in its Dealership Workforce Study to help retain skilled workers and reduce turnover.
- ATD releases new video highlighting the need to end the FET on the sale of heavy-duty trucks.



Addressing attendees. NADA Chairman Charlie Gilchrist (above) and ATD Chairwoman Jodie Teuton (right) at the NADA and ATD Shows in 2019. Topics ranged from policy issues and women in the retail auto industry to NADA Foundation's new Workforce Initiative to promote the value of service tech jobs.



4 APRIL

- *NADA Data*—annual profile of new-car dealerships—reports that employment at new-vehicle dealerships hit a record 1,136,600 workers in 2018.
- *ATD Data*—annual profile of new-truck dealerships—shows that commercial truck dealerships employed 144,000 workers in 2018.
- NADA launches a voluntary protection products (VPP) policy to help dealerships develop and maintain compliant, consumer-friendly VPPs.
- NADA runs full-page advertorial in *Automotive News* highlighting the NADA/AIADA/NAMAD fair credit compliance program.
- Modernize the Truck Fleet coalition applauds new bipartisan legislation to repeal the FET on heavy-duty trucks and trailers.



5 MAY

- NADA cites new, independent study that shows households with vehicles earn higher incomes than households without vehicles.
- NADA Chairman Charlie Gilchrist emphasizes how dealer data and related digital issues are a high priority for the association.
- NADA issues statement saying it appreciates the administration's attempts to eliminate unfair trade practices, but broad-based tariffs would increase the cost of all new vehicles, diminish consumer choice and threaten hundreds of thousands of U.S. jobs.
- NADA runs full-page advertorial in *Automotive News* on how auto shows benefit consumers, OEMs and dealers.
- NADA Foundation wins two Communicator Awards for its Workforce Initiative.



6 JUNE

- ATD hosts Washington, D.C., fly-in for truck dealers, who meet with members of Congress to support the repeal of the FET on heavy-duty trucks.
- Modernize the Truck Fleet coalition holds rally on Capitol Hill.



7 JULY

- Through first half of 2019, NADA says dealership payrolls—at \$66.6 billion—are up nearly 2%, and average annual earnings for employees are up 1.3% from year-ago period.
- NADA supports NHTSA decision not to double fuel-economy penalties for automakers.
- NADA responds to a highly inaccurate *Washington Post* op-ed article attacking dealer-assisted financing.
- Momentum builds as 16 new organizations unite behind FET repeal.



8 AUGUST

- After NADA works closely with state and metro association executives (ATAEs) and other industry groups, the American Bar Association withdraws its resolution targeting dealer-assisted financing.
- NADA sends letter to Department of Defense highlighting adverse effects of the department's flawed interpretation of the MLA.
- Hyundai donates \$50,000 to NADA Foundation's Workforce Initiative.
- NADA promotes OSHA's Safe + Sound Week, a year-round campaign to encourage workplace safety and health.
- The popular ATD Academy classes sell out until spring 2020.
- NADA and ATD encourage members to host dealership visits with members of Congress.
- Exhibit space for NADA Show 2020 sells out in just two months.



9 SEPTEMBER

- NADA runs full-page advertorial in *Automotive News* on the need to securely and efficiently integrate data across all channels: dealers, OEMs, finance companies, DMVs, vendors and the vehicle itself.
- More than 400 dealers and ATAEs attend NADA's annual Washington Conference to meet with members of Congress and hear from Deputy U.S. Trade Representative C.J. Mahoney, NHTSA Chief Counsel Jonathan Morrison, EPA Administrator Andrew Wheeler, Rep. Anthony Brown (D-Md.), Rep. Garret Graves (R-La.) and journalist Bob Woodward.



Active on all fronts. NADA Foundation assisted dealership employees following devastation from hurricanes, floods and other natural disasters (left). The impressive roster of speakers at the 2019 Washington Conference included investigative journalist Bob Woodward, who was interviewed by NADA Chairman Charlie Gilchrist.

- NADA announces support for one federal CAFE and GHG standard, in response to EPA's decision to withdraw a waiver it previously gave California to set its own rules.
- NADA urges FTC not to adopt proposed amendments to a safeguards rule that would unnecessarily add significant duties and costs for all financial institutions, including dealerships.
- NADA launches new education subscription program, which includes Professional Series classes and Academy seminars.
- NADA Foundation Emergency Relief Fund provides financial assistance to dealership employees affected by hurricanes and other natural disasters.

\$200,000

AMOUNT THAT FORD, HYUNDAI AND TOYOTA DONATE TO THE NADA FOUNDATION'S WORKFORCE INITIATIVE IN ITS FIRST FULL YEAR.

10 OCTOBER

- In remarks to the Automotive Press Association in Detroit, NADA Chairman Charlie Gilchrist announces NADA's support for the United States-Mexico-Canada Agreement (USMCA) and urges swift congressional passage.
- Because of popularity of annual women's luncheon and video contest at NADA Show, NADA creates Women Driving Auto Retail—a yearlong initiative of events, webinars and more.
- Ford donates \$100,000 to NADA Foundation's Workforce Initiative.

11 NOVEMBER

- Annual NADA/J.D. Power Auto Conference LA features Deborah Wahl, global chief marketing officer at GM, as well as industry consultant Glenn Mercer (*Dealership of Tomorrow 2.0*) and a digital panel affiliated with NADA's Women Driving Auto Retail initiative.
- NADA runs full-page advertorial in *Automotive News* explaining the long-term viability of dealerships and personal vehicle ownership.

12 DECEMBER

- Despite some economic headwinds this year, NADA expects 2019 new-vehicle sales to top 17 million units and forecasts 2020 sales of 16.8 million.
- The U.S. House passes the NADA-supported landmark USMCA on trade.
- NADA offers steps dealerships can take to make their websites more accessible to people with disabilities.
- NADA PAC receives over \$2.3 million in annual contributions.
- NADA ends 2019 with 16,258 members, its 18th consecutive year with upward of 90% membership penetration. ❖

Heavy traffic. 80% of dealers say local auto shows drive consumers to their store.





Why Dealers Love Auto Shows

The answer is simple: Auto shows sell cars.

BY SHERYLL POE

When it comes to building brand awareness and excitement, driving consumer traffic into dealerships and increasing vehicle sales, nothing beats an auto show, say dealers across the country.

Eight out of 10 dealers say their local auto show is important for driving customer traffic into their dealerships, according to NADA's recent Dealer Attitude Survey. "Auto shows sell cars. They help sell product, and that's the value of auto shows," says Richard A. Baker, show manager of the Miami International Auto Show and incoming chairman of the Automotive Trade Association Executives (ATAE).

And when auto show attendees get to the dealership showroom, the numbers indicate they're more likely to buy: 54% of buyers made a purchase decision based on what they saw at an auto show, and 18% bought a brand they had not been considering before they saw it at the show, says Foresight Research.



LA Automobility 2019. The LA Auto Show's four-day press and trade event.

DISCOVERING NEW BRANDS, REDISCOVERING FAVORITES

In Charlotte, N.C., the brand conversion numbers were even higher—a whopping 62% of the Charlotte Auto Show attendees this year left considering a brand they may not have considered before attending the show, says Jenn Jackson, executive director, Greater Charlotte Auto Dealers Association. The Charlotte Auto Show, now in its 29th year, is supported by more than 100 auto dealers from 11 surrounding counties. “For the OEMs and dealers who battle with the brand shift, auto shows are an outstanding opportunity to either continue to lock them into your brand or catch their attention and sway them away.”

Tindol Automotive has participated in the Charlotte Auto Show as a Ford dealer for over 25 years and more recently as a manufacturer representing Roush Performance vehicles. “Seeing the show from both perspectives, we highly support the show because we have seen firsthand the number of people that love to shop, inquire, touch and feel the vehicles without sales pressure

or obligation,” says owner and dealer principal Natalie Tindol. “It opens a window for the customer to experience makes and models they may not have considered before.”

THE AUTO SHOW BOUNCE

Whether auto show attendance solidifies brand loyalty or creates new excitement behind brands that perhaps a consumer had not explored, local dealers will experience what’s known as the “auto show bounce” in the days and months following an auto show. “For anywhere from 30 to 60 days, dealers will have people coming in from the show and shopping,” says Scott Lambert, president of the Minnesota Automobile Dealers Association (MADA), which represents 371 franchised new-car and -truck dealers. “Sometimes they come right from the show to the showroom. Half the people who come to the show are shoppers with an intention to buy and are actively looking and researching.”

To take advantage of that bounce, many local dealers, including MADA members, plan their major marketing

push to coincide with the Twin Cities Auto Show, held each year at the Minneapolis Convention Center, Lambert says. “There’s a lot of marketing around the show—groups and factories will have special show promotions that run before and after. Our show is in early March, and we’re just coming out of winter, so it’s a chance for everyone to shake off the ice and get marketing again.”

The biggest lift is with website visits and digital inquiries, says Tindol, “which are equivalent to walk-ins in our world. The lift continues for months, and we continue to hear, ‘When I saw that car at the auto show,’ when we ask where they heard about us or got their interest in the particular unit they are looking at.”

MESSAGE TO OEMS: YOU CAN'T AFFORD TO MISS OUT

But if a manufacturer chooses not to participate in an auto show, local dealers are the ones who feel the pain. Over 75% of dealers say automaker absence has a negative impact on customers’ brand awareness, and over 66% report that it has a negative impact on customer traffic and retail sales, according to the Dealer Attitude Survey.

While some manufacturers, particularly European OEMs, are reassessing their auto show participation, others—including Toyota, Volkswagen and Honda—are committing to what has proven to be a worthwhile investment. “From a consumer standpoint, auto shows are stable and growing in importance,” Sage Marie, assistant vice president for public relations at American Honda, told *Automotive News*. “From a media standpoint, the dynamic is definitely changing. The way automakers leverage auto shows to deploy news is changing.”

“For us, it’s probably one of the most efficient ways to get in front of as many consumers as we possibly can,” Derrick Hatami, executive vice president for sales and marketing with Volkswagen Group of America, told journalists at the Chicago Auto Show in February. “For us, to be able to get access to

INFLUENCE ON PURCHASE CHOICE

54%

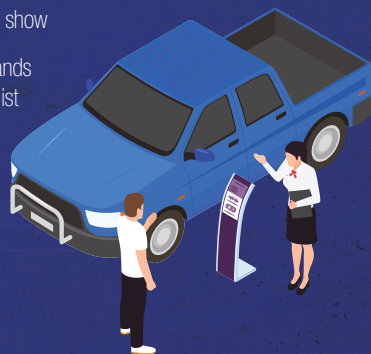
Made a purchase decision based on what they saw at an auto show

18%

Bought a brand they were not considering before the show

39%

Added one or more brands to their consideration list



AUTO SHOWS BY THE NUMBERS

10.25 million+



Consumers attend U.S. auto shows



7 out of 10 attendees plan to buy a new vehicle within 12 months

2x

More likely to make a new-vehicle purchase within a year of visiting a show versus the general population



PENALTIES OF ABSENCE

25%-60%

Surrender of brand gains

- Lost brand exposure
- Decreased brand opinion / Lower likelihood to buy
- Loss of “added to consideration” list

AUTO SHOWS MATTER TO DEALERS

Over 75%

Dealers feel auto show absence has negative impact on customers' brand awareness

Over 66%

Dealers feel auto show absence has negative impact on customer traffic and on retail sales

8 of 10

Dealer rating of the importance of local auto shows for driving customer traffic into dealerships

11 million people last year with our products, and have them sit in it, touch and feel, and in some instances actually drive them, it's a huge benefit for us. We always do well when people actually drive the product."

Dealers and auto show organizers point out that the expectations for auto shows need to shift from the glitz and glam of the media coverage to the nuts and bolts

of reaching consumers and selling cars. "For the EU OEMs, auto shows are more of a showcase for media, but in the U.S., we sell cars through shows," says MADA's Lambert. "The domestic marketing departments understand: This is how people shop for cars. They come in and kick the tires."

"We all recognize consumer shopping habits have drastically changed in the

last decade. The automotive business is no exception," says Jackson. "One thing has certainly not changed: Having a consumer actually experience a vehicle is still the No. 1 factor when it comes down to persuasion and choice. There is nothing like feeling the seat, holding the steering wheel, checking out the technology, counting the cup holders, lifting the hood ... that new-car smell." ❖



(Top) 2019 Metro Atlanta Auto Show. (Bottom) Shoppers at the Twin Cities Auto Show get hands-on experience with vehicles while learning from product specialists!

(Top and bottom) As the crowd begins to gather at the Columbus International Auto Show, a father shows his son the auto show ropes.



NADA Benefits Everyone!

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2019 Women Dealers Luncheon.
Networking at the NADA Show
in San Francisco.





Women in Auto Retail

NADA sets the pace for women in the industry.

BY SHERYLL POE

The automotive industry is at a crossroads, but it's not over personal ownership versus ridesharing or the future of autonomous vehicles. The auto industry is finally turning the corner when it comes to recognizing and supporting women in the industry.

In 2019, AutoNation named Cheryl Miller as CEO and president of the country's largest auto retailer and a Fortune 500 company. Miller joins a growing roster of women in leadership positions in the industry—Mary Barra was named CEO of General Motors in 2014, and Laura Schwab became president of Aston Martin the Americas in 2015.



Leadership. 2008 NADA Chairwoman Annette Sykora testifying before Congress (left); 2018-2019 ATD Chairwoman Jodie Teuton at the ATD Show (right).

NEW NADA INITIATIVE PUTS WOMEN IN THE DRIVER'S SEAT

Long before Barra, Miller and Schwab, NADA was driving change and supporting women in leadership roles within the auto retail industry: Texas dealer Annette Sykora was the first woman to chair the association in 2008. (In 2018, Louisiana commercial truck dealer Jodie Teuton became chairwoman of the association's American Truck Dealers division.)

"The whole industry would be well-served by having a greater proportion of women," says Sykora, a third-generation auto dealer with Smith South Plains Ford/Lincoln, Levelland, Texas. "I'd love to see an increase in the number of

women that join the automotive industry as a career. It's good for the consumers and the workplace in terms of having a diverse and vibrant dealership."

At this year's NADA Show in Las Vegas, NADA is showcasing its newest initiative, Women Driving Auto Retail. It will highlight the current voices of women working in dealerships, encourage other women to pursue automotive careers, and provide dealerships with the tools to create a more inclusive work culture and environment.

"Women are a great asset in a dealership," says Michelle Primm, managing partner of Cascade Auto Group, Cuyahoga Falls, Ohio. Primm, a member of NADA's board of directors since 2008, says Women Driving Auto Retail will help facilitate the conversation that could increase the number of women in auto retail by highlighting all the great benefits a career in the industry offers. "You can have a great career without accruing major college debt, there's on-the-job training, flexible hours," Primm says. "Plus you get a career and skill set that travel over distance and time, no matter what life obligations you have to undertake. There are car dealers everywhere that need good people."

AN INCREASED PRESENCE AT NADA SHOW

One of the most visible events around the Women Driving Auto Retail initiative is this year's Women Driving Auto Retail Brunch on Sunday, February 16, at NADA Show 2020. More than 300 of the industry's leading women will gather to share ideas and learn from women who are shaping auto retail and creating opportunities for the next generation. This popular networking event has been part of the NADA Show as a luncheon for the last decade and has now been expanded to a three-hour brunch featuring two sessions with renowned speakers and expert panelists that will be live-streamed to a large digital audience.

With its Women Driving Auto Retail Video Contest, NADA has further amplified the voices of women working in auto retail and helped spread the word why more women should pursue a career in the industry. The contest, now in its third year, encourages women to submit a three-minute video sharing what they do, why they love it, and why retail auto industry is a place where women succeed. The grand-prize winner receives a \$1,000 gift card plus complimentary registration to NADA Show 2021 in New Orleans, along with a \$1,000 travel stipend. Ten semifinalists each get a \$500 gift card.





2018 NADA Live Stage. Mary Beth Vander Schaaf of *Automotive News* discussing the *Project XX* report on women in the auto industry.

ACCELERATING TOWARD A MORE DIVERSE FUTURE

Women Driving Auto Retail is hosting several discussions featuring women in the industry, including daily panel sessions at the NADA Show 2020 Live Stage and a panel at the New York Auto Forum in April. Recently, Women Driving Auto Retail brought together an all-female panel at the Auto Conference LA (ACLA). The ACLA panel—moderated by Ally Chief Marketing Officer Andrea Brimmer and featuring General Motors Global

Chief Marketing Officer Deborah Wahl; Valencia Acura Dealer Principal Cheri Fleming; and J.D. Power Managing Director of Data & Analytics Charity Taylor—discussed the ever-evolving automotive digital landscape and how to reach female vehicle buyers.

Women Driving Auto Retail will also produce quarterly webinars and monthly blog posts throughout the year to give dealers the tools and expertise to increase employment diversity—particularly for women. Sample topics include ways to create an inclusive work culture and how to write a job description

that will attract a broader pool of potential candidates.

Women Driving Auto Retail has the support of its premier sponsor, Ally. “This initiative’s focus on recruiting, retaining and developing women in the auto retailing aligns perfectly with Ally’s position,” says Kathleen Ruble, executive director of marketing at Ally. “We also want to help educate our industry on the importance of how women are depicted in advertising and how that impacts the way women are perceived and see themselves in media.”

How women are depicted in advertising and marketing is just one of the many Live Stage panel sessions at NADA Show 2020 that will focus on women in the industry. As with the brunch, the panel sessions are live-streamed on NADA’s website.

There is no better time—or organization—to support diversity and inclusion, says ATD Chairwoman Jodi Teuton. “The strength of this organization is in the diversity of our membership. Like America itself, dealerships across the country are a cultural melting pot,” she adds. “NADA can be the force to lead that culture of change and create an environment that says, ‘Everyone is wanted.’” ❖



2017 Women Dealers Networking Event. (From left) NADA Director Michelle Primm (At-Large East) and Annette DiLorenzo Thayer (New Mexico) with past New Jersey Director Marcy Maguire.



2018 Women Dealers Luncheon. Members, ATAEs and exhibitors attend the luncheon at the 2018 NADA Show.



Political action.

Each Academy class spends time on Capitol Hill with NADA's Legislative Affairs team to learn how federal actions affect their dealerships back home.



The Academy Tradition

Setting the standard for lifelong learning.

BY SHERYLL POE

For 40 years, NADA's Academy has been educating and graduating the next generation of dealership leaders. But what started as a program to prepare the sons and daughters of dealership owners to work in the family business has evolved into the premier educational opportunity for the entire automotive retail industry.

EDUCATIONAL LEGACY FOR DEALER FAMILIES

The original NADA Dealer Candidate Academy was “designed to equip would-be successors of the NADA-member dealers with the skills that will enable them to be selected as dealers, first of all, and then operate a facility successfully,” Nathan Shulman wrote in a June 1981 column in NADA's *Automotive Executive*. Shulman, an auto dealer/principal, NADA director and NADA Convention chairman, was instrumental in helping to create the Dealer Candidate Academy and his son Scott was among the 16 graduates in the first class in 1980.

“The poor instructor,” says Scott Shulman of original Academy instructor John Clancey. “It was like babysitting. We were all young, in our 20s. It was



Larry Kull and son David.

designed for people who knew virtually nothing.” The original program was 18 months instead of the current 12, and meetings were held at Northwood University in Midland, Mich., says Shulman, owner of Best Automotive Group in Hingham and Plymouth, Mass.

The curriculum relied on “a lot of black-and-white films,” as well as lectures from dealers and other industry experts. “We learned a lot about financial management,” Shulman says. “My competitive spirit really started in

those [Academy] days. I was an athlete, so always a competitor, but when I heard from the other candidates and saw they were doing better, I thought, “What do we need to do to get there?””

The Shulmans have carried on the Academy tradition—Shulman’s son Ben went through the program before joining the Marine Corps Reserves. Another son, Alex, and General Manager Bruce Gemmill have just completed the Academy program, graduating in January. “I can’t tell you how impressed I am with how far it’s come. We’re so fortunate in our industry that we have this opportunity,” Shulman says.

John Kull was just 24 years old when he graduated from the Academy in 1980. His father, Richard N. Kull, with business partner Edward Burns, owned dealerships throughout New Jersey. “I was

500th STUDENT

the first guy in the first class to get a dealership,” Kull says of the Acura store he opened in Pompano Beach, Fla. “Back then, it was a great way of learning the car business. It covered the entire industry. The graduates coming out of the school knew more than the actual dealers.”

“John came back with a tremendous grasp of all areas of the dealership,” says Larry Kull, John’s brother and the president of Burns Kull Automotive, Marlton, N.J. “I wish I had gone,” says Larry, who came to work at the family dealerships after a short stint at Xerox. “Over time I’ve learned some of the principles, but it’s always been second-hand.”

The Kulls have had eight Academy graduates come to work at their family of dealerships, including Larry and John’s brother Rick; Larry’s son David; and John’s son C.J. “They come back with a tremendous grasp of the inner workings of each department. It’s a quality program that’s hard to replicate,” Larry says.

FIRST ACADEMY CLASS GRADUATION

Graduation Milestones

1980

1986



1980s: Academy Class 40, 1989.



1990s: Academy Class 81, 1995.

NEW STUDENTS, NEW FACILITIES

While Academy started out as a program for successors, today its reach is far greater. Five years ago, NADA successfully combined the successor and manager tracks. “Today, 60% to 70% of our attendees are professional managers, not successors,” says Academy Chair and Instructor Michael Hayes. And while that first class was made up of young 20-somethings, now the average age range is anywhere from 25 to 60.

Today, the Academy is made up of three parts—NADA Academy, Certificate and Seminar Programs, and ATD Academy. There are 14 instructors total, including two for the new Professional Series, a certificate program for new or high-potential department managers held at

**1,000th
STUDENT**

**2,000th
STUDENT**

Right: 2019 Academy graduates Krystal and Jason Roberts, children of NADA Director Desmond Roberts (At-Large East, Minority), with Academy Chair and Instructor Michael Hayes.



locations throughout the U.S. Two classes a year are now dedicated to ATD Academy.

This year, some 20 classes will graduate from the Academy. “Last year we had 450 full-time Academy graduates and another 475 to 500 from the one-week certificate program,” says Hayes. “Our goal is to work with 1,000 total members per year.”

In 2018, the Academy moved into NADA’s new, state-of-the-art headquarters facility in Tysons, Va.

**4,250th
STUDENT**

There are four classrooms packed with the latest technology, along with a business center and a student lounge.

The Academy also features a lactation room—something that did not exist when Heather Westman went into labor six weeks early while attending NADA Academy in 2003. “The new room is beautiful,” says Westman, who is now an NADA Academy financial management instructor and was the school’s first female instructor, hired in March 2017.

1989

1996

2004



2000s: Academy Class 131, 2005 (left), and ATD Academy graduation, 2019 (right).

EMBRACING THE FUTURE

It's not just the classrooms and surroundings that have changed over the last 40 years, but also the way classes are taught. "You think about what classroom style was back then—the emphasis on lectures and overheads," Westman says. "Now it's much more facilitation and group activities. It's about where the students are in their business rather than us standing up there and telling them how it should be."

Says Hayes, "We've empowered our instructors to become leaders in providing adult learning concepts, which are brought to life by the materials created by our instructional design team. We study educational styles and design activities so the lessons are better retained and put to use. We are very focused on learner retention and developmental activities. We want to



Academy Aardvark. Mascot of the original Dealer Candidate Academy.

ensure we give the students the tools needed to go back and implement them in their stores."

As the new senior vice president of Dealership Operations, John Beckman understands the importance of the Academy in developing leaders in the industry. "I am thrilled to be a part of the Academy as we celebrate its 40th anniversary this year. At the Academy graduation in June we

are inviting some graduates of the first class to sit on a dealer panel and talk to students about life lessons from their dealerships."

Beckman is currently enrolled in the Academy himself. "It's

widely known that the Academy is the gold standard," he says. "But experiencing it myself firsthand has confirmed how comprehensive the curriculum is and how important it is for students to build lifelong bonds with each other."

Academy instructors operate like an "in-house product development team," focused on new and evolving curriculum development, says NADA Vice President of Dealership Operations Steve Park. That includes opportunities for cross-sharing knowledge between the Academy and 20 Groups. "It's a key area of collaboration that we'll continue to emphasize—that overlap and sharing of industry knowledge between the two groups."

By adapting to the new leadership structure in dealerships, ever-changing technology and innovations, and evolving educational styles and delivery, the Academy has continued to shape current and future dealership leaders. Says Park, "We're proud of our Academy because it's tried-and-true, but also because it has a legacy within the industry." ❖

11,000th STUDENT

40TH ANNIVERSARY OF FIRST ACADEMY GRADUATION

2018

2020

Graduation Milestones



New digs. In late 2018, the Academy moved into state-of-the-art facilities (above) at the new NADA headquarters in Tysons, Va.



Academy awards. Academy Chief Michael Hayes (center) with recent graduates Matt Normandin (left) and his brother Scott.



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Driving Success

2020 NADA Chairman Rhett Ricart is using lessons learned from family and employees to help steer the auto industry into the future.

BY SHERYLL POE

The lights have been knocked out by a blustery winter storm, and Rhett Ricart, CEO and owner of Ricart Automotive Group, Columbus, Ohio, is preparing for a holiday party with a guest list of 800 as he sits down to talk to *NADA Show Magazine*. “There’s a power outage today affecting the whole area. Traffic lights are out, everything,” says Ricart with a chuckle.

Nevertheless, Ricart is excited to talk about the family business he has been involved in since he and his brother Fred were kids. “It was my father’s dream,” says Ricart about Paul Ricart Sr.’s decision to buy a Ford dealership in 1953. “My dad had a lot of good ideas—loaner cars, Saturday service hours. He provided the vehicle for the community welcome wagon service for new residents.” He even had a big mannequin of himself with a cowboy hat

(“The Spineless Salesman”) placed on the lot, and if someone came by and was interested in a car, they could slip a note into his pocket.

BUILDING A BUSINESS

Ricart graduated from Ohio State University with a marketing degree in 1978 and owned a vehicle-repo company before returning to the family dealership in 1981. The next year, Rhett and Fred assumed co-ownership of the store. “When my brother and I came along, we were in the lowest 20th percent of dealerships,” says Ricart of that period, which coincided with a recession in the early 1980s. “By 1986, we were the No. 1 Ford dealer in the United States.”

Ricart credits the turnaround to his involvement with the Ford 20 Group, a willingness to innovate

\$12,000
AMOUNT THAT PAUL RICART SR. PAID FOR HIS FORD DEALERSHIP IN 1953.

1982

RHETT RICART AND HIS BROTHER FRED TAKE OVER OWNERSHIP OF THEIR FATHER'S DEALERSHIP.



Rhett Ricart at the dealership (above) and with his wife, Nicole, at their home in Columbus.

and embrace change, and his brother's marketing savvy. The Ricarts have their own on-site production studio, which at one point was cranking out more than 60 television commercials a year.

Throughout the late 1980s and 1990s, the Ricart Automotive Group

continued to expand, buying and selling a variety of brands and franchises. Today, the dealership group holds Ford, Genesis, Hyundai, Kia, Mazda, Mitsubishi and Nissan franchises, employs more than 560 people, and sells more than 16,000 new and used vehicles a year.

WORKING WITH NADA

Looking for a way to give back to the industry, Ricart became involved with the Columbus Automobile Dealers Association, where he was president in 2012-2013 and chair of the Columbus International Auto Show in 2011-2013.



8
 FAMILY MEMBERS
 CURRENTLY
 WORKING AT RICART
 AUTOMOTIVE.

Family matters. Rhett Ricart (center) with many of his family members who work at the dealership.

For the past four years, Ricart has been actively involved with NADA, including serving as the Regulatory Affairs Committee chairman. He was NADA vice chairman in 2019 and continues to represent Ohio's franchised new-car dealers on the NADA board.

"I've always been active in state associations, so NADA was a natural step," Ricart says. "NADA always has an eye on the future. It is aware of everything that's going on in the industry, and a lot of that comes from working closely with ATAE and state associations and the ability to start dealing with issues when they're only campfires."

NEXT UP

In 2020, Ricart says, NADA will face important issues head on, despite all the noise around "a presidential election that will be expensive and exciting."

At the top of the list is how to protect, store, use and share customer data in a clear, fair and efficient manner.

"I believe the dealer should be the conduit of our customers' data. The retail customer shook the hand of the dealer during the transaction. Since we are the point of contact and they rely on us for the security and use of their data, for that customer's safety and convenience, the dealer should be the tip of the spear on that connectivity to that customer," says Ricart.

With eight family members working at Ricart Automotive—including two of his three children, Jared and Katie—Ricart is interested in bringing more diversity into the industry and employing more women at dealerships.

"As my daughter says, for the industry to become more authentic to buyers, we need to make it easier for any demographic to get involved in the business. We need to reflect our customer base."

\$4 million
 CURRENT MONTHLY
 PAYROLL FOR RICART
 AUTOMOTIVE
 GROUP.

Promoting NADA Academy and the Women Driving Auto Retail initiative also will be a focus of Ricart's chairmanship. "NADA has the gold standard in training," says Ricart, who has had four family members graduate from the Academy and another who just began classes last month.

"It's more than a dealer academy, it's for anyone in the organization—manager, general sales manager or whoever is next in line. When they graduate and come back, not only do they have a tremendously valuable skill set, but they have a good, clear direction on how to operate the business in good times and bad."

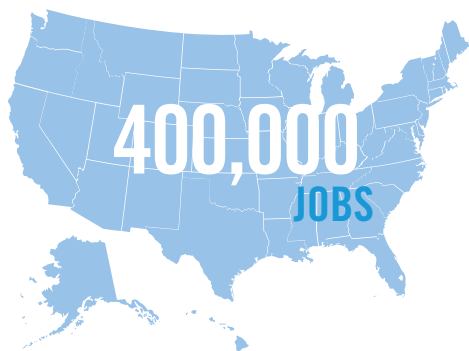
Overall, 2020 is shaping up to be a productive year for Ricart and NADA. "Over the next year," he says, "I want every automobile dealer in the U.S. to become richer and more prosperous, to have a better trained and educated staff, and NADA is here to help on both of those fronts." ❖



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- North Dakota
- Ohio
- Metro Cleveland
- South Dakota
- Wisconsin

15

REGION IV

- Alaska
- Arizona
- California (Northern)
- California (Southern)
- Colorado
- Hawaii
- Idaho
- Montana
- Nevada
- New Mexico
- Oregon
- Utah
- Washington
- Wyoming

14

4

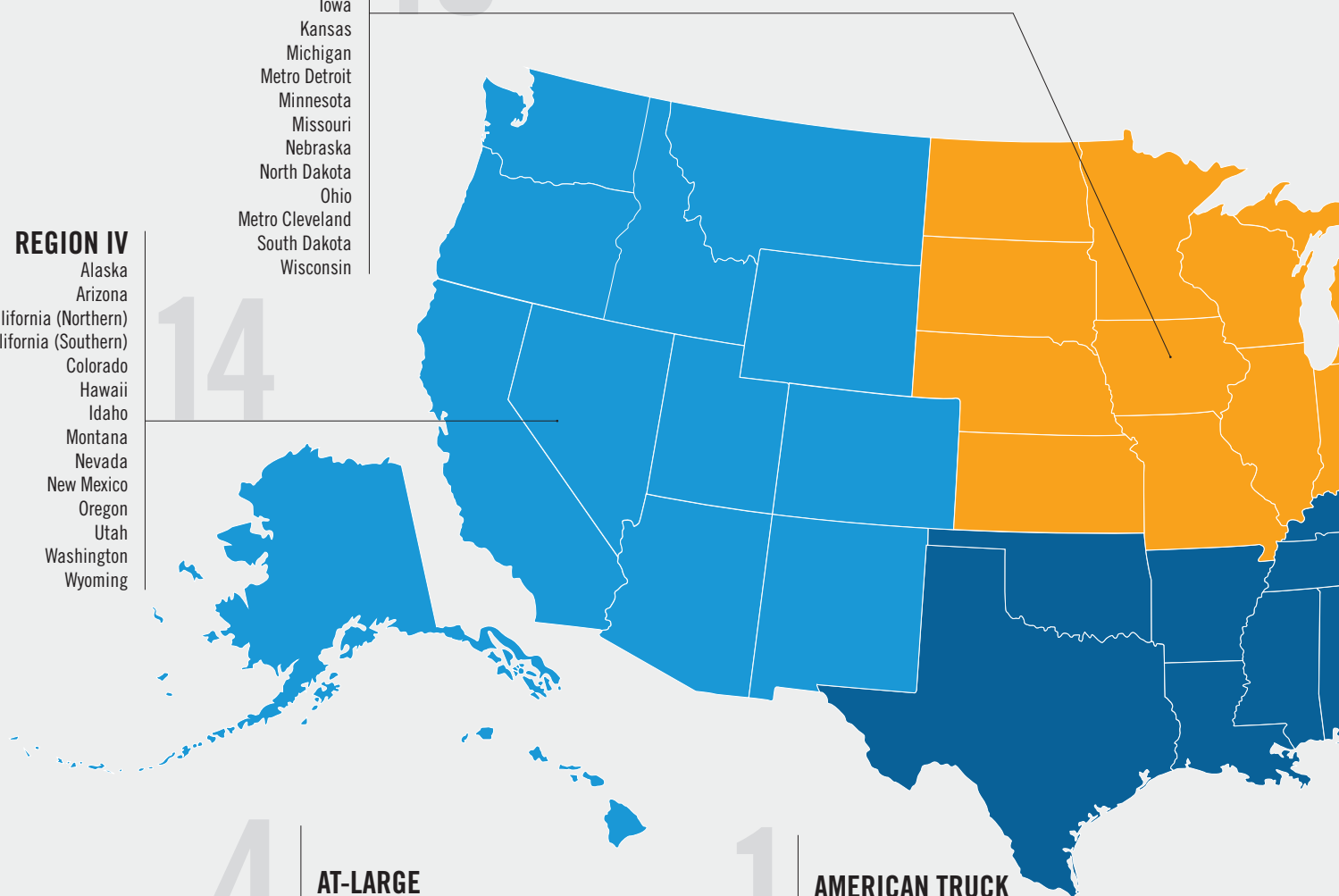
AT-LARGE

- East (Woman) • East (Minority)
- West (Woman) • West (Minority)

1

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Pennsylvania (Western)
Rhode Island
Vermont

17

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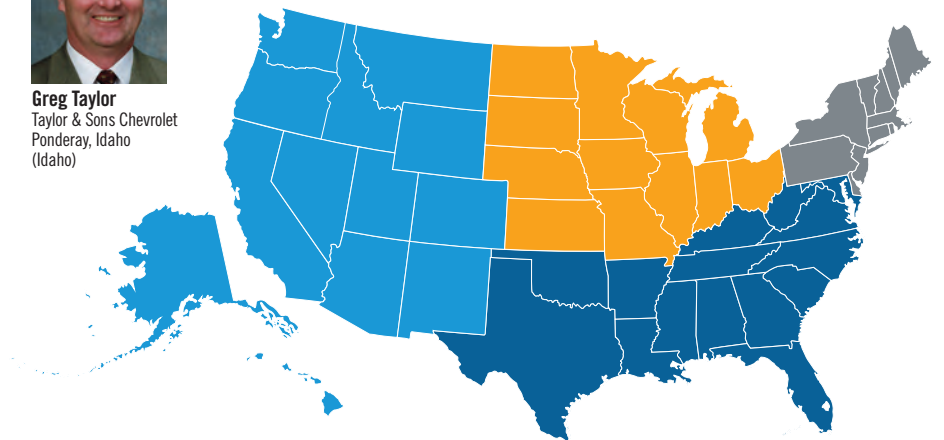


Donald P. Hicks
Shortline Auto Group
Aurora, Colo.
(At-Large West)

AMERICAN TRUCK DEALERS



**ATD Chairman
Steve Bassett**
General Truck Sales
Muncie, Ind.



NADA Data 2019

mid-year update

A mid-year report on vehicle sales.

BY JOE PHILLIPS

NADA's regular, comprehensive financial profiles of new-car dealerships—*NADA Data: Full-Year Report* and *NADA Data: Mid-Year Report*—are two of the association's most popular publications. And lately, vehicle sales and service have been keeping dealers and their employees busy, and bolstering local economies. Here are some highlights, with all *NADA Data* numbers from mid-year 2019 unless otherwise noted. (For a complete copy of the latest *NADA Data*, visit nada.org/nadadata.)

Total New-Car Dealerships

16,741



TOTAL DEALERSHIP SALES

\$518,735,004,944

...per dealership

\$30,985,903



CALIFORNIA

Highest dollar sales for all dealerships \$58,762,021,036



ARIZONA

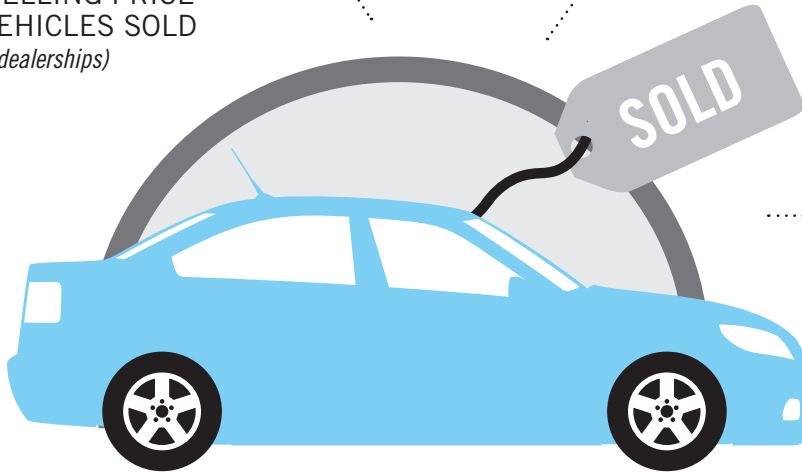
Highest dollar sales per dealership \$50,204,514

\$20,835

AVERAGE SELLING PRICE
OF USED VEHICLES SOLD
(by new-vehicle dealerships)

\$36,402

AVERAGE SELLING PRICE
OF NEW VEHICLES SOLD



425

AVERAGE NEW
VEHICLES
SOLD PER
DEALERSHIP



August

Month with most
new-vehicle sales

1,638,722
units

domestic
2,063,800

+ import
1,940,900

NEW-CAR INVENTORY

4,004,700



NEW-VEHICLE
DAYS' SUPPLY

84
domestic

62
import

Change
in number
of new
vehicles
sold

-1.9%

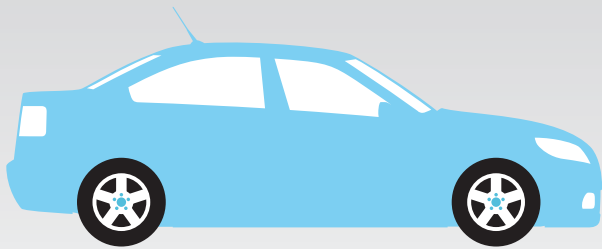
from June 2018 to June 2019

**TOTAL NEW VEHICLES SOLD
THROUGH FULL-YEAR 2019**

17.1 million units

VEHICLES IN OPERATION, Q2 2019

278.1 million



1YR

3YRS

5YRS

7YRS

9YRS

11YRS

13YRS

15YRS

Average age of vehicles on the road
(Q1 2019, cars and light trucks)

**11.8
YEARS**

DEALERSHIP EMPLOYEES

1,139,300

70

Average per dealership



\$1,133

Average weekly earnings per dealership employee (year-end 2018)

\$4.0 million

Average annual payroll per dealership (year-end 2018)

\$67 billion

Total payroll of all dealerships (year-end 2018)

Source: Bureau of Labor Statistics





\$62.7 billion
SERVICE AND PARTS SALES
(for all new-vehicle dealerships)



\$3.7 million
SERVICE AND PARTS SALES
(per new-vehicle dealership)



275,401
TECHNICIANS
(including body shop)



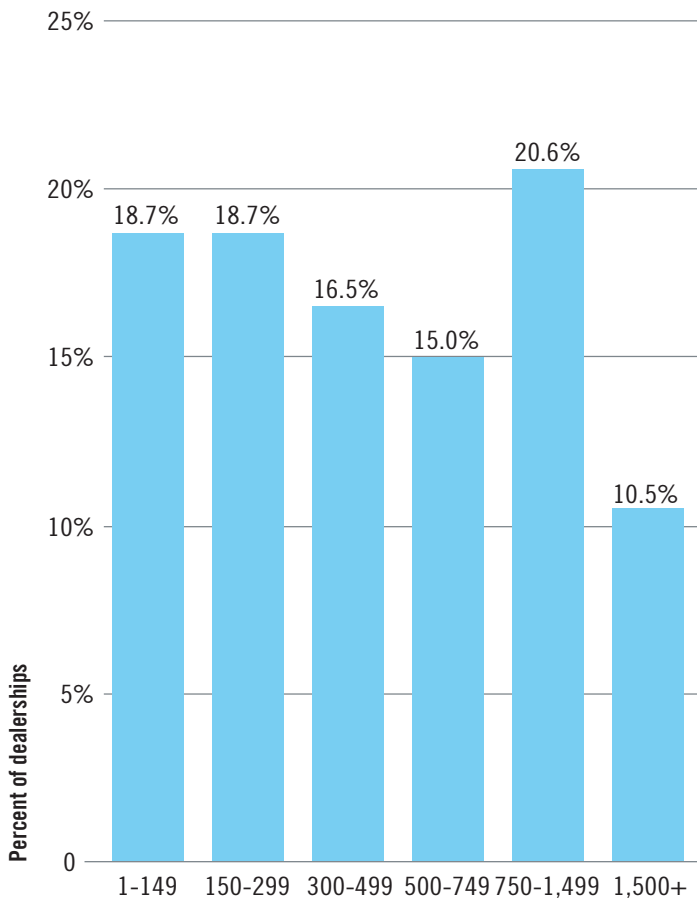
162.3 million
REPAIR ORDERS WRITTEN

Percentage of dealerships operating on-site body shops

37.3%

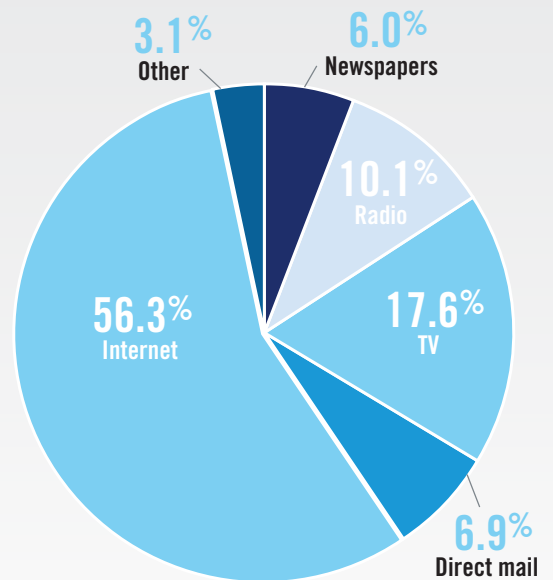
SHARE OF DEALERSHIPS BY VOLUME

(of new-unit sales, June YTD 2019)



ADVERTISING EXPENDITURES

(by medium, data from year-end 2018)



(All NADA Data numbers are from mid-year 2019 unless otherwise noted.)

REGULATORY MAZE

Service and Parts Department

- Clean Air Act
- Clean Water Act
- DOT hazardous-materials-handling procedures
- FTC Used Parts Guide
- IRS Core Inventory Valuation
- LIFO/FIFO inventory accounting method
- NHTSA tampering rules
- NHTSA tire rules
- OSHA asbestos standards
- OSHA Hazard Communication Standard
- OSHA lock-out/tag-out procedures
- OSHA workplace health and safety standards
- RCRA
- Safe Drinking Water Act
- Superfund
- UNICAP

Body Shop

- Clean Air Act
- EPA hazardous-waste rules
- OSHA Hazard Communication Standard
- OSHA Respiratory Protection Standard
- OSHA workplace health and safety standards
- UNICAP
- VIN and parts marking



All Departments (Customer)

- Americans with Disabilities Act
- CAN-SPAM Act
- Consumer Review Fairness Act
- Driver's Privacy Protection Act
- Electronic Funds Transfer Act
- FTC Privacy Rule
- FTC prohibition against deceptive and unfair trade practices
- FTC Safeguards Rule
- FTC Telemarketing Sales Rule
- FTC warranty rules
- IRS Cash-Reporting Rule
- Magnuson-Moss Act
- OFAC restrictions
- Telephone Consumer Protection Act
- USA PATRIOT Act

Our annual list of major federal regulations; state and local laws also apply and sometimes include additional requirements.

F&I Department

- Dodd-Frank Financial Reform Law
- Equal Credit Opportunity Act
- FACT Act of 2003
- Fair Credit Reporting Act
- FTC Credit Practices Rule
- FTC Holder-in-Due-Course Rule
- Gramm-Leach-Bliley Act
- Military Lending Act
- Producer-Owned Reinsurance Companies
- Truth in Lending and Consumer Leasing acts

All Departments (General Management/Personnel)

- Affordable Care Act
- Age Discrimination in Employment Act
- Americans with Disabilities Act
- COBRA
- Electronic deposit of taxes
- Electronic records retention
- Emergency-response planning
- Employee drug testing
- Employee Polygraph Protection Act
- ERISA
- Employee verification rules
- Equal Pay Act
- Estate tax
- Family and Medical Leave Act
- Federal child-support enforcement regulations
- Federal Civil Rights Act
- FTC Repossession Rule
- Federal wage-hour and child labor laws
- Genetic Information Nondiscrimination Act
- Health Insurance Portability and Accountability Act
- IRS/DOL worker classification
- IRS treatment of demo vehicles
- IRS treatment of tool plans
- Mandatory workplace posters
- Mental Health Parity Act
- Miscellaneous recordkeeping requirements
- NLRB unionization rules
- Newborns' and Mothers' Health Protection Act
- OSHA Blood-Borne Pathogens Rule
- OSHA injury and illness recording and reporting requirements
- Section 179 expensing and bonus depreciation
- USERRA
- Walking-working surfaces and fall protection rule
- WARN

New- and Used-Vehicle Sales Departments

- American Automobile Labeling Act
- CAFE and GHGs rules
- Diplomat vehicle purchases
- DOE/EPA gas-mileage guide
- Federal bankruptcy law
- FTC Door-to-Door Sales Rule
- FTC guidelines for fuel-mileage advertising and alternative-fueled-vehicle advertising and labeling
- FTC Used Car Rule
- Gray-market vehicles
- Heavy-highway-vehicle excise tax
- IRS treatment of salesperson incentives
- LIFO inventory accounting method
- Monroney sticker (Price Labeling Law)
- Motor vehicle tax credits
- NHTSA alteration and tire-placarding rules
- NHTSA odometer rule
- NHTSA recall regulations
- NHTSA safety belt/airbag deactivation
- NHTSA tire regulations
- School van sales
- UNICAP



In addition to this list of federal laws and regulations, be sure to consult nada.org/regulatoryaffairs for more details.

All Departments (General Management/Personnel)

- **Affordable Care Act (ACA):** Extensive health-care reforms enacted in 2010 affect dealerships and their health-care plans. For example, most dealerships with more than 50 full-time employees had to decide by January 1, 2015, whether to offer health coverage that meets the federal requirements or pay a penalty. Many additional reporting, recordkeeping and other duties apply to dealerships and other businesses. For more information, visit healthcare.gov. The Tax Cuts and Jobs Act of 2017 (TCJA) eliminated the individual responsibility mandate after December 31, 2018.
- **Age Discrimination in Employment Act:** Protects older individuals against age-based employment discrimination.
- **Americans with Disabilities Act (ADA):** Dealerships with 15 or more employees must reasonably accommodate disabled workers and job applicants.
- **Consolidated Omnibus Budget Reconciliation Act (COBRA):** Dealerships with 20 or more employees must continue health-care coverage for ex-employees and their families for 18 to 36 months, depending on circumstances.
- **Electronic deposit of taxes:** Dealerships generally must use the Electronic Federal Tax Payment System.
- **Electronic records retention:** Revenue Procedure 98-25 explains IRS requirements for retaining computerized accounting records.
- **Emergency-response planning:** Federal, state and local laws require dealers to have emergency-response plans.
- **Employee drug testing:** Unionized dealerships must bargain with unions before implementing employer drug policies (not necessary for pre-employment drug testing). The ADA prohibits employers from discriminating against employees or applicants who have completed or are currently undergoing drug treatment, as long as they aren't currently abusing drugs.
- **Employee Polygraph Protection Act:** Prohibits dealerships from using polygraphs in pre-employment screening; allows use in limited cases where an employee is reasonably suspected of a workplace incident involving economic loss to the employer.
- **Employee Retirement Income Security Act (ERISA):** Dealers offering retirement or health plans must, among other things, provide employees with plan information, keep records and abide by fiduciary responsibilities.
- **Employment verification rules:** Dealerships must verify the employment eligibility of prospective new employees using I-9 forms and proper support documentation. Use of E-verify is optional.
- **Equal Pay Act:** Prohibits wage discrimination on basis of sex.
- **Estate tax:** The estate tax limit for 2019 was \$11.4 million per individual, and for 2020 it is \$11.58 million. The annual gift exclusion remains at \$15,000, with lifetime gifts beyond the annual exclusion counting toward the \$11.58 million combined estate/gift tax exemption.
- **Family and Medical Leave Act (FMLA):** Dealerships must post a notice informing employees of their right to take unpaid personal and family medical leave and must comply with appropriate requests for such leave. Special provisions apply to leave related to military service.
- **Federal child-support enforcement regulations:** Requires states to govern liens put on personal property—including vehicles—for overdue child support. Dealerships should check that child-support liens don't exist on used cars, and must place liens on wages of employees who are delinquent on child-support payments.
- **Federal Civil Rights Act:** Bars employment discrimination on the basis of race, sex, color, religion or national origin. Prevents employers from asking job applicants certain questions (such as age, marital status or childbearing plans). Prohibits workplace sexual harassment, including behavior that creates a hostile work environment.
- **FTC Repossession Rule:** Requires formal accounting of money collected for repossessed vehicles.
- **Federal wage-hour and child labor laws:** Address minimum-wage and overtime pay mandates and exemptions as well as standards for employing minors, including teen driving restrictions. Federal minimum wage is \$7.25 per hour; state and local minimum wage rates may be higher.
- **Genetic Information Nondiscrimination Act:** Prohibits discrimination based on health-related employee DNA information.
- **Health Insurance Portability and Accountability Act:** Generally prohibits health insurers from denying coverage to workers who lose or change jobs and bars insurers from excluding coverage for pre-existing conditions for more than a year.
- **IRS/DOL worker classification:** Dealers must determine whether their workers are employees or independent contractors. The IRS and the Department of Labor use multi-factor legal standards and tests to evaluate this question. When making worker classification decisions, dealerships should be conservative and prepared to document their decisions. Of greatest importance: the level of control employers exercise over workers as measured by the means and manner of the work performed. The IRS Voluntary Classification Settlement Program encourages employers to admit past worker misclassifications.
- **IRS treatment of demo vehicles:** Revenue Procedure 2001-56 offers dealers alternative methods for determining the value of demo use by qualified salespeople and other dealership employees. It defines what constitutes limited personal use and streamlines recordkeeping requirements.
- **IRS treatment of tool plans:** Tool and equipment plans for service technicians and other employees must comply with the IRS requirements for business connection, substantiation and return of excess payment.
- **Mandatory workplace posters:** Notices, such as "Your Rights Under the FMLA," "Equal Employment Opportunity Is the Law," "Federal Minimum Wage" and "Notice: Employee Polygraph Protection Act," must be conspicuously displayed.
- **Mental Health Parity Act:** Requires insurers and large health plans to offer mental illness coverage comparable to that for physical illness and to set dollar limits on mental health care comparable to that for general medical and surgical services. The ACA generally mandates minimum mental health coverages.
- **Miscellaneous recordkeeping requirements:** A multitude of requirements govern the length of time records must be maintained. Examples: Notification forms for underground storage tanks must be kept indefinitely; and copies of Form 8300 cash reports must be kept for five years.
- **National Labor Relations Board (NLRB) unionization rules:** Govern unionization activities, including employee rights, election rules, postings and unfair labor practices.
- **Newborns' and Mothers' Health Protection Act:** Employers and insurers must provide minimum hospital-stay benefits.

■ **OSHA Blood-Borne Pathogens Rule:**

Dealerships more than four minutes from an emergency health facility must have a program to respond to employees who suffer cuts. All dealerships must have adequate first-aid kits.

■ **OSHA injury and illness recording and reporting requirements:**

Dealers with 10 or more employees are required to maintain a yearly log of work-related injuries and illnesses on OSHA Form 300. Dealers must also complete a report on each workplace injury or illness that occurs using OSHA Form 301. Even if no injuries or illnesses have occurred in a calendar year, all dealers with more than 10 employees must fill out and post an annual summary of work-related injuries and illnesses on OSHA Form 300A. Dealers also must report the following events to OSHA: all work-related fatalities; all work-related inpatient hospitalization of one or more employees; all work-related amputations; and all work-related losses of an eye. Heavy-duty truck dealerships with 20 to 249 employees per establishment also must electronically submit OSHA Form 300A. Both heavy-duty truck and light-duty car dealerships with more than 250 employees per establishment must electronically submit OSHA Form 300A.

■ **Section 179 expensing and bonus depreciation:**

Generally, businesses can expense qualified Section 179 property, subject to phaseout. With the passage of the 2017 TCJA, the total Section 179 deduction limitation is \$1 million for 2018 and beyond. Bonus depreciation is expanded by the TCJA to 100% for certain property acquired after September 27, 2017, and is good through 2022. This now also includes used equipment.

■ **Uniformed Services Employment and Reemployment Rights Act (USERRA):**

Governs the employment and reemployment rights of members of the U.S. uniformed services.

■ **Walking-working surfaces and fall protection rule:** Must implement practices to prevent slips and falls, including personnel training and facility inspections.

■ **Worker Adjustment and Retraining Notification Act (WARN):** Dealerships must give 60 days' notice to workers before termination or store closings under certain circumstances.

All Departments (Customer)

■ **Americans with Disabilities Act (ADA):** Prohibits discrimination against the physically handicapped in areas of public

accommodation. Must make reasonable accommodations to facilities, such as by installing ramps, and accessible parking spaces, drinking fountains, public toilets and doors.

■ **CAN-SPAM (Controlling the Assault of Non-Solicited Pornography and Marketing) Act:**

Emailers must identify a commercial message as an advertisement or solicitation and provide their physical postal addresses and a mechanism to opt out of future commercial emails. If recipients opt out, senders must stop sending them commercial email within 10 business days. The disclosure requirements don't apply to emails that relate to transactions or relationships, such as those containing exclusively warranty information or recall-repair messages, or messages related to the completion of transactions requested by the consumer. No one may send commercial emails to wireless devices without recipients' express prior authorization. So that senders can recognize wireless addresses, the FCC maintains a list of wireless domain names at transition.fcc.gov/cgb/policy/DomainNameDownload.html. Commercial emailers must check the list monthly. (Additional provisions prohibit deceptive headers, misleading subject lines and other spam tactics.) A text message may also be considered an email and therefore subject to the CAN-SPAM Act if it is sent to an email address—that is, if it has an internet domain name after the “@” symbol (whether the email address is displayed or not). This means that no commercial text message (deemed to be an email) may be sent to a wireless device without “express prior authorization.” Merely having an “established business relationship” with the recipient is not enough.

■ **Consumer Review Fairness Act (CRFA):**

Effective March 2017, the CRFA voids any “Form Contract” that seeks to impede consumer reviews and makes it unlawful for a person to offer such a form contract to consumers. In particular, it prohibits provisions in form contracts that (1) restrict a consumer's ability to communicate reviews or performance assessments about a seller's goods, services or conduct; (2) impose a penalty or fee on a consumer who engages in communications of that nature; or (3) require people to give up their intellectual property rights in the content of their reviews.

■ **Driver's Privacy Protection Act:** Prohibits access to personal information in state motor vehicle records except for limited purposes, such as driver safety, theft and

recalls. Also restricts the release or use of personal info for marketing.

■ **Electronic Funds Transfer Act (EFTA):**

EFTA and its implementing “Regulation E” govern a variety of electronic transactions. Certain provisions of Regulation E apply directly to any “person” that engages in certain activities or transactions, regardless of whether the person is a financial institution. Examples of such transactions include: issuing access devices (such as debit cards, personal identification numbers [PINs] or payroll cards); issuing or selling gift cards; initiating electronic check conversions; preauthorizing electronic fund transfers; or operating ATMs.

■ **FTC Privacy Rule:** Dealers must issue notices of their privacy policies to their finance and lease customers and, in some cases, to consumers when the dealer discloses nonpublic information about consumers to third parties. The rule also restricts disclosure of nonpublic personal information and requires dealers to contractually limit their service providers' access to and use of that information. Dealers who correctly use an FTC model privacy notice receive safe-harbor protection for the language used to describe their privacy policy.

■ **FTC prohibition against deceptive and unfair trade practices:** Section 5 of the FTC act prohibits unfair and deceptive trade practices. For example, the FTC has found certain advertising practices to be deceptive, including safety inspection claims related to used vehicles subject to open safety recalls.

■ **FTC Safeguards Rule:** Dealers must develop, implement and maintain—and regularly audit—a comprehensive, written security program to protect customer information and must ensure that their service providers provide similar safeguards.

■ **FTC Telemarketing Sales Rule (TSR):** Imposes many of the Telephone Consumer Protection Act (TCPA) restrictions (below) on dealers who telemarket across state lines. Requires dealers who sell or obtain payment authorization for goods or services during interstate phone calls to abide by the prohibition against numerous deceptive and abusive acts and to maintain certain records. Prohibits prerecorded telemarketing calls without a consumer's express written agreement, requires such calls to provide a key-press or voice-activated opt-out mechanism at the outset of the calls, and requires the calls to ring for 15 seconds or four rings before disconnecting.

- **FTC warranty rules:** The Disclosure Rule mandates disclosure requirements for written warranties and requires simple language in a single document. The Pre-Sale Availability Rule details the methods by which warrantors and sellers must provide warranty terms before a sale. The E-Warranty Act allows warrantors to comply by posting warranty terms to a website, as long as the warrantor also provides consumers with a non-internet-based method to obtain warranty terms, and allows sellers to use electronic methods to provide consumers with warranty terms pre-sale.
- **IRS Cash-Reporting Rule:** Dealers receiving more than \$10,000 in cash in one transaction or in two or more related transactions must file IRS/FinCEN Form 8300 with the IRS within 15 calendar days and must provide written notice that the report was filed to the person named on the report by January 31 of the following year. “Cash” includes certain cashier’s checks, traveler’s checks, money orders and bank drafts.
- **Magnuson-Moss Act:** Dealers must give consumers certain information on warranties and service constraints. Warrantors are generally prohibited from requiring customer-pay service to be performed at a dealership as a condition of a vehicle warranty.
- **Office of Foreign Assets Control (OFAC) restrictions:** Dealerships may not enter into transactions with certain sanctioned countries, governments, or specially designated organizations and individuals. Dealers should check the electronic list maintained by OFAC to ensure compliance.
- **Telephone Consumer Protection Act (TCPA):** Requires express written consent prior to any text message or prerecorded or autodialed telemarketing call to a cell phone. There is currently a great deal of uncertainty as to what is an “autodialed” call. Dealers are encouraged to use caution when engaging in text messaging or calling a cell phone and should consult their attorney before doing so. You cannot send any text message whatsoever to a cellular telephone number—solicitation or not, whether the number is on a DNC list or not—using an “autodialer” unless you have the called consumer’s “prior express consent.” Imposes national and company-specific do-not-call (DNC) rules, calling-time restrictions, caller ID requirements, fax advertising rules, and restrictions on the use of auto dialers and prerecorded messages. Fax ads may be sent only to authorized recipients and must include a phone number, fax number and toll-free

opt-out mechanism (each available 24/7) on the first page of the fax ad. The FCC considers text messages to be “phone calls” under the TCPA. Do not send text-message “solicitations” to phone numbers on the national DNC list (subject to the “established business relationship” and “prior express permission” exemptions to the national DNC rules) or your company-specific DNC list (to which there are no exemptions). See additional text-message restrictions under “CAN-SPAM Act.”

- **USA PATRIOT Act:** Dealers must search their records and provide information about individuals or entities with whom they conducted transactions or created accounts if requested by the federal Financial Crimes Enforcement Network. Dealers are currently temporarily exempt from the law’s anti-money-laundering program requirements.

New- and Used-Vehicle Sales Departments

- **American Automobile Labeling Act (AALA):** New cars and light trucks must have a domestic-parts content label showing percentage of U.S. or Canadian parts; countries contributing more than 15% of the parts; origin of engine and transmission; and location of vehicle assembly. Dealers must ensure that labels remain on vehicles until sold.
- **Corporate Average Fuel Economy (CAFE) and Greenhouse Gases (GHGs) rules:** NHTSA CAFE and EPA GHGs rules govern the fuel-economy performance of all light-, medium- and heavy-duty vehicles, which affects their design, performance and cost. EPA also governs the use of alternative technologies and fuels.
- **Diplomat vehicle purchases:** The State Department’s Office of Foreign Missions must approve a diplomat’s vehicle purchase before a tax exemption request may be honored.
- **DOE/EPA gas-mileage guide:** Dealers must make this guide available to prospective new-vehicle buyers upon request. Download the guide from fuelconomy.gov.
- **Federal bankruptcy law:** Dealerships should perfect security interests within 30 days after a customer takes possession of a vehicle, regardless of state law. Otherwise, if the customer files for bankruptcy within 90 days of when the financing agreement is signed, the bankruptcy trustee may avoid the lien. Dealerships failing to perfect liens in a timely manner may be liable for losses.

- **FTC Door-to-Door Sales Rule:** Gives consumers a three-day “cooling off” period only for sales not consummated at a dealership. Does not apply to auctions, tent sales or other temporary locations if the seller has a permanent place of business.
- **FTC guidelines for fuel-mileage advertising and alternative-fueled-vehicle advertising and labeling:** Dealer and manufacturer fuel-economy advertisements must state that the numbers are estimates and where they come from. Alternative-fueled vehicles must be properly labeled.
- **FTC Used Car Rule:** “Buyers Guides” are required on all used vehicles offered for sale, disclosing whether the vehicle is offered “as is” or with a dealer warranty, other non-dealer warranty disclosures and service contract availability. Dealers must use the FTC-required Buyers Guide form.
- **Gray-market vehicles:** EPA, NHTSA and U.S. Customs restrict the importation/sale of new and used vehicles.
- **Heavy-highway-vehicle excise tax:** A 12% excise tax generally applies to the first retail sale of (1) truck chassis and bodies with a gross vehicle weight rating (GVWR) in excess of 33,000 pounds (Class 8); (2) truck trailer and semitrailer bodies with a GVWR in excess of 26,000 pounds (Classes 7 and 8); and (3) “highway tractors,” unless they have a GVWR of 19,500 pounds or less (Class 5 and under) and a gross combined weight rating of 33,000 pounds or less. Dealers selling Class 5 vehicles with more than 33,000-pound gross combined weight rating or Classes 6 or 7 vehicles should apply the “primary design” test to determine if a vehicle is a taxable tractor or a nontaxable truck.
- **IRS treatment of salesperson incentives:** Factory incentives paid directly to salespeople by the factory are not required to be treated as wages for tax purposes. However, factories must report these incentives as taxable amounts to salespeople if \$600 or more.
- **LIFO (last-in/first-out) inventory accounting method:** The use of the LIFO inventory methods must comply with the conformity requirement.
- **Monroney sticker (Price Labeling Law):** Dealerships must keep stickers on new passenger cars showing the manufacturer’s suggested retail price, plus other costs, such as options, federal taxes, and handling and freight charges. Stickers also include EPA’s revised fuel-economy information and NHTSA’s NCAP revised crash-



test star ratings. Dealerships that alter covered vehicles must attach a second label adjacent to the Monroney label, stating, "This vehicle has been altered. The stated star ratings on the safety label may no longer be applicable." No size or form of this label is specified, but it must be placed as close as possible to Monroney labels on automobiles that (1) have been altered by the dealership and (2) have test results posted.

■ **Motor vehicle tax credits:** Customers may be eligible for up to a \$7,500 personal federal tax credit when they buy new qualifying plug-in electric or dedicated electric vehicles. Eligibility for this "EV Tax Credit" is based on a taxpayer's income and tax status. The EV Tax Credit begins to phase out when a manufacturer's overall EV sales reach 200,000 qualified vehicles in the United States. Note that several manufacturers have now exceeded, or soon will exceed, this 200,000 threshold. Dealers should use caution when discussing the availability of this credit, and should ensure they do not provide legal or tax advice.

■ **NHTSA alteration and tire-placarding rules:** Significantly altered new vehicles must have labels affixed identifying the alterations and stating that they meet federal safety and theft standards. Tire-placarding and -relabeling rules require a new tire-information placard/label whenever parts or equipment are added that may reduce a vehicle's cargo-carrying capacity, or when replacement tires differ in size or inflation pressure from those referred to on the original.

■ **NHTSA odometer rule:** Prohibits odometer removal or tampering and misrepresentation of odometer readings.

Requires recordkeeping to create a proof of disclosure to the customer and odometer disclosures on titles. Vehicles with a greater than 16,000-pound gross vehicle weight rating and those 20 model years old or older are exempt, starting in 2021 for model years 2011 and later. Model years prior to 2011 are exempt from the 20-year disclosure requirement.

■ **NHTSA recall regulations:** New vehicles and parts held in inventory that are subject to safety recalls must be brought into compliance before delivery.

■ **NHTSA safety belt/airbag deactivation:** Dealerships may install airbag switches for consumers with NHTSA authorization. Dealerships also must be responsive to consumer requests for rear-seat lap/shoulder safety belt retrofits in older vehicles.

■ **NHTSA tire regulations:** Rule requires proper replacement or modification of the tire-information labels when replacing tires or adding weight before first sale or lease. Also, customers must be given registration cards when buying new tires or the tires may be registered electronically. Other rules govern the handling and disposal of recalled new and used tires.

■ **School van sales:** Dealers may not sell, lease or give away large, new passenger vans with more than 10 seating positions if they know the vehicle will be used to transport students to or from school or school activities. Schools must purchase or lease a school bus or multifunction school activity bus for such purposes.

■ **Uniform capitalization (UNICAP):** Dealers who (1) "produce" property or (2) acquire it for resale if their average annual gross receipts over the three pre-

ceding tax years exceed \$25 million must comply with the UNICAP requirements contained in Section 263A of the Internal Revenue Code. Revenue Procedure 2010-44 creates two safe-harbor methods of accounting, which dealers may elect by filing Form 3115 with the IRS, that generally permit dealers to expense, instead of capitalize, all handling and storage costs at certain dealership facilities.

F&I Department

■ **Dodd-Frank Financial Reform Law:** Dealers engaged in three-party financing are excluded from the authority of the bureau and remain subject to regulation by the Federal Reserve Board, the FTC (which has been given streamlined authority to declare dealer practices as unfair or deceptive) and state consumer protection agencies. Finance sources, including dealers who engage in BHPH financing, are subject to the bureau's jurisdiction. The Dodd-Frank law also created several new obligations for creditors, including additional disclosure requirements for risk-based pricing and adverse-action notices under the Fair Credit Reporting Act (Section-1100F). Plus, it contains a requirement to collect, report to the federal government, retain and make available to the public upon request certain data collected in credit applications from small, women-owned and minority-owned businesses. Dealers are temporarily exempt from this requirement pending promulgation of specific regulations.

■ **Equal Credit Opportunity Act (ECOA):** Regulation B prohibits discrimination in credit transactions based on race, sex, color, marital status, religion, national ori-

gin, age and public-assistance status. The government interprets this prohibition as applying not just to intentional discrimination, but also to credit practices that result in a negative “disparate impact” on consumers based on one of these prohibited factors. In addition, the dealer/creditor is required both to notify applicants in a timely fashion of actions taken on—and reasons for denying—applications, and to retain certain records. (See also “Dodd-Frank Financial Reform Law,” above, for a description of new small-business loan data collection requirements.) An optional ECOA compliance program template is available to dealers at nada.org/faircredit.

■ **Fair and Accurate Credit Transactions (FACT) Act of 2003:** Duties include: responding to requests for records from victims of ID theft and to fraud and active-duty alerts on credit reports; disposal requirements for credit report information; opt-out disclosure formatting requirements for prescreened credit solicitations; truncating the expiration date and all but the last five digits on electronically printed credit and debit card receipts provided to purchasers at the point of sale; the Federal Reserve’s Regulation FF restrictions on obtaining, using and sharing “medical information” in credit transactions; the FTC Red Flags Rule, which requires creditors and financial institutions to develop and implement a written Identity Theft Prevention Program that contains procedures to identify, detect and respond to “red flags” indicating the possibility of identity theft; the FTC Address Discrepancy Rule, which requires users of credit reports to develop and implement procedures to verify a customer’s identity when receiving a “Notice of Address Discrepancy” from a consumer reporting agency; the FTC Affiliate Marketing Rule, which generally requires a business to offer customers the opportunity to opt out of receiving solicitations from the business’s affiliates before affiliates may market to the customers; and the Risk-Based Pricing Rule, which generally requires initial creditors to issue either risk-based pricing notices to consumers to whom credit is granted but on relatively unfavorable terms, or credit score disclosure exception notices to all consumer credit applicants. Additional requirements apply to businesses that furnish negative information about consumers to consumer reporting agencies.

■ **Fair Credit Reporting Act (FCRA):** Dealers are restricted in their use of credit reports for consumers, job applicants and

employees. Credit reports generally may be obtained only pursuant to consumers’ written instructions or if consumers initiate a business transaction (not if they merely talk with salespeople). Dealers must give job applicants and employees a separate document informing them that a credit report may be obtained and must obtain prior, written authorization to access the report. Dealers generally may not share credit information with affiliates unless they give consumers notice and the opportunity to opt out. If dealers take adverse action based on the report, they must notify consumers and follow additional procedures with job applicants and employees.

■ **FTC Credit Practices Rule:** Dealers are required to provide a written disclosure statement to a cosigner before the cosigner signs an installment sale contract. Dealers cannot “pyramid” late charges (that is, add a late charge onto a payment made in full and on time when the only delinquency was a late charge on a previous installment).

■ **FTC Holder-in-Due-Course Rule:** Preserves the consumer’s right to raise claims and defenses against purchasers of consumer credit contracts (with automobile sales, it protects consumers who buy vehicles from dealerships on credit). When dealerships sell credit contracts to lenders, consumers are obligated to pay the lenders instead of the dealerships. Under the rule, if a dealership engaged in fraud or made misrepresentations in selling a car on credit, a consumer could raise the dealership’s conduct as a defense against the lender’s demand for payments. Dealerships must ensure that their credit contracts contain the precise disclosure required by the rule.

■ **Gramm-Leach-Bliley Act:** See “FTC Privacy Rule” and “FTC Safeguards Rule” under “All Departments (Customer).”

■ **Military Lending Act (MLA):** A December 2017 Department of Defense Interpretation states that creditors must comply with the MLA’s extensive duties and restrictions when extending vehicle financing to covered borrowers (generally active-duty service members and their dependents) that includes a “credit-related product or service” such as GAP or a credit insurance premium. These duties and restrictions (including not being able to use a vehicle title as security for the financing) also apply if the financing includes a cash advance (i.e., “cashout” financing).

■ **Producer-Owned Reinsurance Companies (PORCs):** IRS Notice 2016-66 identifies certain reinsurance arrangements

as “transactions of interest” requiring taxpayer disclosure by the filing of Form 8886. While this requirement does not involve all reinsurance arrangements, the IRS may continue to scrutinize any transaction that shifts income from taxpayers to related companies resulting in tax benefits. The Tax Cut and Jobs Act of 2017 reduces the tax rate to 21% for domestic finance and insurance reinsurance companies, including small companies, those electing to be taxed only on investment income and U.S.-taxed “controlled foreign corporations.” The new law makes significant changes involving non-controlled foreign corporations by expanding the definition of a U.S. shareholder and, most importantly, by changing the definition of a passive foreign investment company. These changes may decrease the ability of U.S. shareholders to defer the taxable income from these companies.

■ **Truth in Lending and Consumer Leasing acts:** Regulations Z and M cover consumer credit and consumer leasing transactions, respectively, specifying information to be disclosed to a consumer before completing the transaction, and information to be disclosed when advertising consumer credit transactions or leases. For example, dealers who advertise a lease down payment or monthly payment amount must disclose in lease ads that the advertised deal is a lease; the total amount due at lease signing; number, amount and period (for example, monthly) of payments; and whether a security deposit is required.

Service and Parts Department

■ **Clean Air Act:** Dealerships may not tamper with, replace or remove emissions-control equipment, such as catalytic converters. CFC recycling regs require dealership air-conditioning techs to obtain certification and to use certified recycling and recovery equipment to capture spent refrigerant, including HFC-134a and other non-ozone-depleting refrigerants. The act also regulates any fuels dealers store and dispense, and the alternative fuels motorists use, including gasohol. It restricts emissions from solvents and chemicals.

■ **Clean Water Act:** Sets standards for regulation of wastewater and stormwater at dealerships and comprehensive rules governing aboveground oil storage tanks.

■ **Department of Transportation (DOT) hazardous-materials-handling procedures:** Require parts employees who load, unload and package hazardous products, such as



airbags, batteries and brake fluid, to be trained in safe handling practices.

■ **FTC Used Parts Guide:** Prohibits misrepresentations that a part is new or about the condition, extent of previous use, reconstruction or repair of a part. Previously used parts must be clearly and conspicuously identified as such in advertising and packaging, and, if the part appears new, on the part itself.

■ **IRS Core Inventory Valuation:** Revenue Procedure 2003-20 creates an optional method for valuing core inventories for those using the Lower of Cost or Market Valuation Method.

■ **LIFO/FIFO inventory accounting method:** Revenue Procedure 2002-17 provides a safe-harbor method of accounting that authorizes the use of replacement cost to value year-end parts inventory.

■ **NHTSA tampering rules:** Prohibit dealerships from rendering inoperative safety equipment installed on vehicles in compliance with federal law.

■ **NHTSA tire rules:** Dealerships must report sales of defective tires when they are sold separately from vehicles, and must properly manage recalled tires.

■ **OSHA asbestos standards:** Dealerships must use certain procedures during brake and clutch inspections and repairs to minimize workplace exposures. Water, aerosol cleaners or brake washers may be used to comply with the standard.

■ **OSHA Hazard Communication (HAZCOM) Standard (right-to-know laws):** Dealers must inform employees about chemical hazards they may be exposed to in the workplace, keep chemical product information sheets on-site and accessible, and train staffers to properly handle the hazardous materials. Also, EPA's community right-to-know rules require dealers to list annually with state

and local authorities tanks of more than 1,600 gallons.

■ **OSHA lock-out/tag-out procedures:** Explain what service departments must do to ensure machines, including vehicles, are safely disengaged before being serviced.

■ **OSHA workplace health and safety standards:** Extensive regulations cover a multitude of workplace issues and practices, from chemical labeling requirements to the number of toilets required. Example: Dealerships must determine if workplace hazards warrant personal protective equipment and, if so, to train employees on its use. Verbal or online reports must be made within eight hours of any incident involving the hospitalization or death of any worker.

■ **Resource Conservation and Recovery Act (RCRA):** Comprehensive environmental law regulating many dealership functions, including underground storage tanks and the storage, management and disposal of used oil, antifreeze, mercury products and hazardous wastes, including some airbags. Underground tanks must be monitored, tested and insured against leaks; leaks and spills must be reported to federal and local authorities and cleaned up. The law also regulates new-tank installations. Dealers must obtain EPA ID numbers if they generate more than 220 pounds per month (about half of a 55-gallon drum) of certain substances; must use EPA-certified haulers to remove the waste from the site; and must keep records of those shipments. Used oil should be burned in space heaters or hauled off-site for recycling. Used oil filters must be punctured and drained for 24 hours before disposal.

■ **Safe Drinking Water Act:** To protect underground drinking water from contamination, dealerships should avoid discharging waste liquids (such as used oil, antifreeze and brake fluid) into septic system drain fields, dry wells, cesspools or pits.

■ **Superfund (Comprehensive Environmental Response, Compensation and Liability Act):** As waste generators, dealerships may be subject to Superfund liability. Carefully select companies to haul waste off-site. Dealers can deduct the cost of cleaning up contaminated soil and water in the year it's done. Dealers may qualify for an exemption from liability for sites involving used oil managed after 1993. The service station dealer exemption application (SSDE) requires dealers to properly manage their oil and to accept oil from do-it-yourselfers.

■ **UNICAP:** See "New- and Used-Vehicle Sales Departments."

Body Shop

■ **Clean Air Act (CAA):** National paint and hazardous air-pollution rules require reformulated, environmentally safer paints and finishes, special handling procedures, and recordkeeping.

■ **EPA hazardous-waste rules:** See "RCRA" under "Service and Parts Department."

■ **OSHA Hazard Communication (HAZCOM) Standard:** See "Service and Parts Department."

■ **OSHA Respiratory Protection Standard:** Requires written programs describing how to select, fit and maintain respirators to protect body shop workers from hazardous chemicals.

■ **OSHA workplace health and safety standards:** Extensive regulations affect body shops in many ways, including mandating the use and care of protective equipment such as face masks, gloves and respirators. Hex chrome standards limit air emissions during sanding and painting. (See also "Service and Parts Department.")

■ **UNICAP:** See "New- and Used-Vehicle Sales Departments."

■ **VIN and parts marking:** Dealers may not alter, destroy or tamper with vehicle identification numbers or anti-theft parts-marking ID numbers and should use only properly marked replacement parts. ❖

Doug Greenhaus, Paul Metrey and Brad Miller of the NADA Legal and Regulatory Affairs Department contributed to this guide. For more info, visit nada.org/regulatoryaffairs.

Legal Disclaimer: The information provided in this document does not, and is not intended to, constitute legal advice; instead, all information, content and materials are for general informational purposes only. Information in this document may not constitute the most up-to-date legal or other information. Furthermore, each dealership should consult an attorney who is familiar with federal and state law applicable and the dealership's operations to obtain advice with respect to any particular legal matter.

Century Award Dealers

Honoring longtime dealerships.

BY JOE PHILLIPS

Many dealerships were originally blacksmiths or wagon makers before selling automobiles. The NADA Century Award celebrates those dedicated dealerships that have been in the transportation business for 100 years or more (to apply for the award, visit nada.org/centuryaward). Below is a timeline of the current NADA Century Award winners:



1847

• **W. Hare & Son Inc.**
Noblesville, Ind.

1852

• **Schaefer & Bierlein Inc.**
Frankmuth, Mich.

1859

• **Reynolds' Garage & Marine Inc.**
Lyme, Conn.

1875

• **Kemmann Chevrolet Inc.**
Lowden, Iowa
• **Normandin Chrysler/Jeep**
San Jose, Calif.

1885

• **Moser Motor Sales Inc.**
Berne, Ind.



1890

Tenvoorde Ford Inc.
St. Cloud, Minn.

1895

Ferman Motor Car Co., Inc.
Tampa, Fla.

1897

Hill International Trucks LLC
East Liverpool, Ohio

1898

Eich Motor Co.
St. Cloud, Minn.

1900

Diehl Ford Inc.
Bellingham, Wash.

Hulsizer Chevrolet
(previously a Ford store)
Montgomery, Pa.

1901

King BMW
Freehold, N.J.

1902

Suttle Motor Corp.
Newport News, Va.

1903

Wentworth Chevrolet Inc.
Portland, Ore.

1904

Martens Cars
Washington, D.C.

1905

Claude Nolan Cadillac
Jacksonville, Fla.

1906

Smart Chevrolet Co.
Pine Bluff, Ark.



1911

Barry Motor Co.
Danbury, Iowa

Chuck Colvin Auto
McMinnville, Ore.

Dahl Automotive
Onalaska, Wis.

Hight Auto Group
Skowhegan, Maine

Kelleher Motor Co.
Ellensburg, Wash.

Schallau Motor Co.
Van Horne, Iowa

1912

C. Speck Motors
Sunnyside, Wash.

Harper Motors
Eureka, Calif.

J.C. Lewis Ford
Savannah, Ga.

Witt Buick
Muskegon, Mich.

1913

Baker Garage Inc.
Baker City, Ore.

1914

Oliver C. Joseph Inc.
Belleville, Ill.

1907

- **Butts Motors Inc.**
Seaside, Calif.
- **Garber Buick**
Saginaw, Mich.

1908

- **Luck Chevrolet**
Ashland, Va.
- **Wegner Auto Co.**
Pierre, S.D.
- **Don Drennen Motor Co.**
Hoover, Ala.
- **Goodwin Bros. Auto**
New Castle, Ind.

1910

- **Grovert Motor Co.**
Newhall, Iowa
- **The Hersrud Co.**
Sturgis, S.D.
- **Sames Motor Co.**
Laredo, Texas
- **Tiffany Motor Co.**
Hollister, Calif.



1915

- **Brasher Motor Co. of Weimar Inc.**
Weimar, Texas
- **Broadway Automotive**
Green Bay, Wis.
- **McClinton Chevrolet Co.**
Parkersburg, W.Va.

1916

- **Edwards Chevrolet Co.**
Birmingham, Ala.

1917

- **Brown's Automotive Group**
Patchogue, N.Y.
- **Soerens Ford of Brookfield**
Brookfield, Wis.

1918

- **Colussy Chevrolet**
Bridgeville, Pa.
- **Sandman Brothers Inc.**
Shelbyville, Ind.

1919

- **Mohawk Honda**
Glenville, N.Y.
- **Walker Automotive**
Alexandria, La.

To apply for a Century Award for your dealership, go to nada.org/century.

BUYER'S GUIDE

NEW PRODUCTS & SERVICES

BY PETER CRAIG

VEHICLE DRYING SYSTEMS

Aerodry Systems LLC, Broomfield, Colo., offers maintenance-free drying systems for any type, size or brand of wash facility. Systems come in stainless steel and gel-coated fiberglass, with internal sound reduction standard on all models. More info at aerodrysystems.com or 303.438.0120. (Booth 6309N)



IMMOBILE-VEHICLE MOVER

Power Pusher, a division of Nu-Star, Shakopee, Minn., features the heavy-duty, battery-powered, multi-use Automotive Power Pusher, which can move immobilized vehicles weighing up to 18,000 pounds at 5% grade. Requiring only two employees, it reduces labor cost and injury risk, fits through most standard doorways and is easily stored. More info at powerpusher.com or 800.800.9274. (Booth 3914C)

SELF-SERVICE KIOSK

First-time exhibitor GoMoto, Philadelphia, offers the Virtual Service Advisor, a smart service kiosk with self-led check-in option. It is fast and convenient (takes two minutes), can boost your upsell rate by 20%, and can increase your vehicle trade-in appraisal rate by 11%. More info at gomoto.com or 507.888.8414. (Booth 1327C)



USED-CAR EVALUATOR



With access to exclusive vehicle inventory and transportation logistics, Drivably, Chandler, Ariz., provides vehicle values and recommendations for wholesale units in real time. A chrome extension lets dealers get information without ever leaving an auction site. More info at drivably.com or 480.702.1010. (Booth 1129)

LEAD RESPONSE SOFTWARE

CallDrip, Farmington, Utah, has the Rapid Response and Lead Management Platform for calling sales prospects while they're still checking out your website. Also included: detailed call tracking, call scoring and strategies for improving your online reviews. More info at calldrip.com or 801.692.7825. (Booth 5337N)



TRUCK-BUYER LOCATOR

Work Truck Solutions, Chico, Calif., helps commercial-vehicle dealerships boost sales via tools that connect with new buyers and give them an improved shopping experience. It also partners with OEMs and distributors to help guide brand-loyal buyers directly to your lot. More info at worktrucksolutions.com or 855.987.4544. (Booth 1507C)



INTERIOR DISINFECTANT

PermaSafe Protective Coatings LLC, Coconut Creek, Fla., offers PermaSafe Shield, a nontoxic, noncorrosive, odor-free disinfectant for vehicle interiors. Nonhazardous and environmentally neutral, it can effectively eliminate odors caused by tobacco smoke, pet urine, etc. More info at permasafe.com or 866.372.9622. (Booth 1620C)

DEALERSHIP FLOORING

Global Tiling Inc., Peachtree City, Ga., offers dealership flooring of various brands. Attractive, “lifestyle” ceramic tile can be custom-fitted to the showroom, while a stronger vibrated floor system works well for the service department. More info at globaltiling.com or 770.487.1818. (Booth 5804N)



Recognizing the Leaders and Best

The business and engineering faculty at the University of Michigan Tauber Institute for Global Operations are proud to help select the 51st annual TIME Dealer of the Year finalists.

Along with partners TIME, Ally, and NADA, The Tauber Institute applauds the nominees who have demonstrated exceptional performance in their dealerships and a commitment to improving their communities.



Learn more at: tauber.umich.edu

DEALERSHIP DESIGNER

McIntosh Architecture Inc., Dallas, offers more than 20 years of experience designing car dealerships throughout North America. The company works closely with clients from preliminary design through the construction administration to project completion. More info at mcintosharchitecture.com or 214.954.9546. (Booth 3649C)



ALIGNMENT SYSTEM

Tru Align LLC, Newbury Park, Calif., offers a precise wheel alignment adapter system that lets techs align OEM, custom and even bent wheels using the dealership's current alignment machine. It consists of four precision plates and 12 steel adapters in eight different sizes that temporarily replace two or three lug nuts on each wheel. More info at trualign.com or 800.881.7335. (Booth 5847N)

CAR WASH

NCS (National Carwash Solutions), Grimes, Iowa, has the Softgloss Maxx 3-Brush System, with touchless and soft-touch options. Among the features: 84 inches high by 95 inches wide to accommodate larger SUVs, vans and trucks; exclusive Foambrite material, safe on all vehicle surfaces. More info at ncswash.com or 833.NCS.WASH. (Booth 4369C)



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NADA

SHOW | 2021

NEW ORLEANS • JANUARY 21-24

BY JOE PHILLIPS

Next year, the NADA Show heads back to New Orleans, one of the most popular destinations for dealer attendees. Renowned for its French Quarter, Mardi Gras and world-class cuisine, the Crescent City was founded over 300 years ago. There's a lot of history here, of course, from pirates and privateers to the pioneers of jazz. This is also the birthplace of poker (sorry, Las Vegas). As for NADA, the first time the Show was held in New Orleans was in 1936. And the first trade show ever held at the Superdome was the NADA Show in 1977. This city and the auto industry have changed a lot since then. But the longtime love affair between dealers and the Big Easy remains as strong as ever.



1718

YEAR
NEW ORLEANS
WAS FOUNDED.



1,200+

NUMBER OF
RESTAURANTS.



DRAGO'S

10,800

NUMBER OF
CHARGRILLED OYSTERS
SERVED ON A BUSY
DAY AT DRAGO'S.



3,800

ESTIMATED NUMBER
OF LIGHT FIXTURES
IN THE EXPO HALL.



1 mile

APPROXIMATE
LENGTH OF
CONVENTION CENTER.



NADA and N'awlins. Downtown New Orleans and the Mississippi River at twilight (above). Bourbon Street, in the French Quarter (right).



NADASHOW

FUTURE DATES



2021

January 21-24
NEW ORLEANS

2022
March 10-13
LAS VEGAS



2023

January 26-29
DALLAS

2024
February 2-5
LAS VEGAS





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Jan 16, 2020
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NADA Show Official Hotel Deadline Ends Jan. 23

Time is running out to [book your hotel](#) and receive a discount through NADA's official registration process. The deadline for official NADA/ATD hotel reservations is just one week away—Jan. 23, 2020, at 5 pm ET. To guarantee your reservation, a valid credit card is required at the time of online booking or when your housing form is submitted. For housing changes and cancellations, requests must be sent to [nada@taxexpert-inc.com](#) by 5 pm ET, Jan. 23. For additional information and details, see the [NADA Show registration policies](#) and reserve your rooms today. Source: NADA



Top Stories

U.S. Senate Expected to Vote on North American Trade Deal Thursday

U.S. Senate Majority Leader Mitch McConnell said he expected the Senate to vote on final approval of a new North American trade deal on Thursday and send the legislation to President Donald Trump for his signature. Source: Reuters

Nissan Adds Nearly 346K Vehicles to Takata Recall Soon

Nissan is recalling nearly 346,000 vehicles worldwide to replace dangerous Takata air bag inflators that can explode and hurl shrapnel. The Nissan front passenger inflators are among 10 million from 14 different automakers that Takata is recalling. It's the last recall that the bankrupt Takata agreed to in a 2015 settlement with U.S. safety regulators. The Nissan recall covers certain 2001 through 2003 Maximas, 2002 through 2006 Sentras, 2002 through 2004 Pathfinder, and 2007 through 2011 Versas. Also included are 2001 through 2004 Infiniti I30 and I35e, 2002 through 2003 QX4e, 2003 through 2008 FX35 and FX45s and 2006 through 2010 M35 and M45e. Source: AP

Detroit 3 Labor Coasts to 'Rise Steadily' Over Next 4 Years Under New UAW Contract

Last year's contentious negotiations with the UAW will prove costly for the Detroit 3 automakers, according to a forecast from the Center for Automotive Research. Kristin Duszak, vice president of industry, labor and economics at CAR, said the average hourly labor cost for Ford Motor Co., Fiat Chrysler Automobiles and General Motors will "rise steadily" over the next four years, despite vows by each company heading into the talks to keep those figures in check. Source: Automotive News

Quotable

"We have a board overseeing the alliance which is made up of people who are all extremely in favor of the alliance. There is a common desire to associate our strategic plans and a real desire to make this alliance a success."

—Jean-Dominique Senard, Renault chairman, reaffirming Renault-Nissan partnership. [Reuters](#), Jan. 16

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 March 2-6
 Tysons, Va.

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ATD Show Official Hotel Deadline Ends Jan. 23

Time is running out to [book your hotel](#) for ATD Show 2020 and receive a discount through ATD's official registration process. The deadline for official NADA/ATD hotel reservations is just over a week away—Jan. 23, 2020, at 5 pm ET. To guarantee your reservation, a valid credit card is required at the time of online booking or when your housing form is submitted. For housing changes and cancellations, requests must be sent to [nada@taxexpert-inc.com](#) by 5 pm ET, Jan. 23. For additional information and details, see the [ATD Show registration policies](#) and reserve your rooms today. ATD Show 2020 takes place Feb. 14-17 in Las Vegas. Secure your tickets today. Source: ATD

www.Jodie.Tustin: ATD's 2019 Year in Review

I had a tremendous 2019—a year full of challenges and achievements—and we couldn't have done it without our passionate and hard-working dealers across the nation. Truck dealers had the second-best year of all time—with medium-duty sales reaching 250,744 and heavy-duty sales reaching 276,348. In F, class 8 trucks had their best sales year since 2006 and manufacturers struggled to keep up with stronger demand. In 2019, our total market was up 8 percent compared to 2018, but we have to brace for headwinds this coming year. Source: ATD

ATD 20 GROUP ACCEPTING NEW MEMBERS

Top Stories

Class 8 Sales in December 5th, but Slow for Full-Year Period

U.S. Class 8 retail sales in December dropped 11.4% compared with a year earlier, but the full year posted the highest annual sales since 2006, WardsAuto.com reported. December's total was 23,119 compared with 26,083 a year earlier. In December, compared with a year earlier, sales at Peterbilt Motors Co. rose 15.9%, Mack was up 13.7% and Western Star jumped 37.4% to 775 sales. All other truck makers notched fewer sales in the month. Source: Transport Topics

Navistar, MaxxForce Engine Class-Action Settlement Finalized at \$138 Million

A federal judge has approved Navistar's proposed \$138 million settlement that will be paid out to owners of certain International trucks equipped with defective model year 2011-2014 MaxxForce 11- or 13-liter engines. Judge Joan Gottschall of a U.S. District Court for the Northern District of Illinois granted the final approval on Jan. 3. The judge concluded that the class action settlement is a "fair, reasonable and adequate resolution" of the truck owners' claims. The approval follows an objection filed in October by four large fleets. Source: Commercial Carrier Journal

Quotable

"On behalf of ATD, thank you for a memorable time as your Chairman and thank you for a wonderful and successful 2019! I look forward to seeing you at the 2020 Show in Las Vegas, let's make the most out of this year!"

—Jodie Tustin, ATD chairwoman, [ATD](#), Jan. 15



NADA HEADLINES PM

Jan. 16, 2020
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Closing Numbers

- Dodge: +0.39%, up 267.42, close 28,207.64
- Truck: +1.09%, up 38.44, close 3,257.13
- S&P 500: +0.84%, up 27.52, close 3,318.91
- Crude Oil: +1.87%, up 0.76, close 58.80

Top Movers in Auto Retailing

- Group 1: +0.40%, up 2.42, close 101.97
- CarMax: +1.06%, up 1.82, close 94.70
- Ally: +1.24%, up 1.28, close 102.50

Top Movers in Auto Manufacturing

- Subaru: +3.14%, up 0.38, close 12.50
- GM: +1.41%, up 0.43, close 35.55
- Stellantis: -1.02%, down 0.14, close 13.81

We're taking the FAST LANE there

End-of-Day Recap

- The U.S. Senate on Thursday approved a version of the 20-year North American Free Trade Agreement that includes tougher labor and automotive content rules and revised 912 border rules.
- Delaware Motors has appointed its first chief sustainability officer, Steve Frenkel, to spearhead the automaker's path toward a zero-emissions future. Frenkel, whose current role is vice president of sustainable technologies, expects his role to craft sustainability efforts Feb. 1, 2020 and a retirement in 2022. Source: [Automotive News](#)



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