

# Iowa Automobile Dealers Association ACTION UPDATE

## IADA Calendar

**March 22–25, 2018**

NADA Show

Las Vegas

**April 19–20, 2018**

IADA Board Meeting

West Des Moines

## Iowa Automobile Dealers Association

### Chairman

Jim O'Halloran

O'Halloran International Inc.

### Vice Chairman

Jeff Haun

Riley Mazda Subaru Mitsubishi

### President

Bruce Anderson

### Secretary

Mike Clemons

Clemons Chevrolet

### Treasurer

Jeff Finch

Wes Finch Auto Plaza

### Immediate Past Chairman

Brad Deery

Deery Brothers

The *Action Update* newsletter is published every other week by the Iowa Automobile Dealers Association. To add people to our distribution list or share suggestions for future articles, contact Brittany Bungert at 515.440.7620.



TOP LEFT **Mark and June Birdnow** of **Birdnow Dealerships** were honored for their years of service to IADA and NADA. TOP RIGHT IADA Chairman **Jim O'Halloran** of **O'Halloran International** addresses the board members and guests during dinner on Thursday, November 9. LOWER LEFT **Representative Chris Hagenow** stopped by to speak about the upcoming legislative session during the board meeting on Friday, November 10. LOWER RIGHT O'Halloran congratulates **Ed Green** of **Foster Group** on his upcoming retirement.

## Board Meets, Establishes Legislative Agenda

The IADA Board of Directors met to establish the legislative agenda November 9–10 in Des Moines.

### 2018 Legislative Agenda

The board established the following as legislative priorities.

- *Retail Rate for Parts and Warranty Work.* Chairman **Jim O'Halloran** of **O'Halloran International** established a committee to

further pursue this issue. The members of the subcommittee are **Jon McCoy** of **Truck Country**, **Matt Brown** of **Bob Brown Buick GMC** (Ankeny), **Dave Wright** of **Dave Wright Nissan Subaru** (Hiawatha), **Jeff Haun** of **Riley Mazda Subaru Mitsubishi** (Dubuque), **Jeff Weber** of **Anderson-Weber Toyota Lincoln** (Dubuque),

**BOARD** continues on page 2

**Brad Deery of Deery Brothers of West Burlington, and O'Halloran.**

- *Audit Statute of Limitations.* The legislature should make it statutorily clear that the audit statute of limitations for title and registration applications matches that of tax returns.
- *Centralized Recordkeeping.* Multi-point dealerships should be permitted to centralize storage of records.
- *Documentary Fees.* Establish an automatic cost of living adjustment for doc fees.
- *Priority of Loaner Vehicle Insurance Coverage.* Make the vehicle operator's insurance coverage primary in the limited situation where a motor vehicle dealer has loaned a vehicle for use while the owner's vehicle is being serviced, repaired, or inspected by the dealer.

### Strategic Planning

O'Halloran provided an update on the strategic planning session from the August board meeting. IADA's strategic priorities for the next 5-10 years, as established through the strategic planning process, are:

1. Protect, preserve, and increase the value of the motor vehicle franchise system
2. Provide high value to members
3. Increase member engagement and numbers (communication)
4. Ensure IADA's strength and sustainability
5. Lobbying and advocacy

### Special Recognition

The meeting included special recognition of NADA Director **Mark Birdnow** of **Birdnow Dealerships**, who will conclude 17 years of IADA board service when his term ends in March 2018. **Ed Green** of **Foster Group**, the firm that manages IADA's investments, was also honored. Green, who has worked with IADA since 2000, is retiring at the end of the year.

## Dealer News

### Sue Sailors Named Financial Executive of the Year

**Sue Sailors** of **Toyota of Iowa City** was named [Financial Executive of the Year](#) in the private company category by the Corridor Business Journal. Sailors is the dealership's chief financial officer.

### Travis Thompson Makes 40 Under 40 List

**Travis Thompson** of **Thompson Truck & Trailer**, which has locations throughout eastern Iowa, was named to the [Corridor Business Journal's 2017 40 Under 40 list](#). Honorees were selected based on professional achievements and community service.

### Sioux City Ford Lincoln Raises Funds for Camp

**Sioux City Ford Lincoln** raised \$2,260 for Camp High Hopes through a Drive 4 UR Community event. Camp High Hopes provides safe and fun recreational experiences for people of all ages who have disabilities.

*If you have dealership news to share, let Brittany Bungert know. [Send her an email](#) or call 515.440.7620.*

## Regulatory Refresh: Pre-Employment Drug Testing

*The following information is for those employers who wish to perform pre-employment drug testing. This is not adequate information to lawfully perform drug testing on current employees.*

Iowa employers may conduct drug tests of prospective employees almost without limitation and may refuse to hire any prospective employee who tests positive for illegal drug use. Pre-employment drug testing may be required at any point in the application process and does not have to be conducted as part of a pre-employment physical.

Alcohol testing, although permitted, can only be done after a conditional offer of employment is made. This means that although you can test all applicants for drugs, only the one you want to hire may be tested for alcohol. For this reason, this policy and advice is only for pre-employment drug testing; it is not for pre-

employment alcohol testing. The IADA best practice guidance for dealers who opt to conduct pre-employment drug testing is to have the test performed after making an offer of employment conditioned upon a drug screen.

Best Practice Guidance:

- Do business with a reputable testing laboratory that is familiar with Iowa law.
- Dealership employees should have nothing to do with the testing other than directing the applicant to the test site and receiving the written results from the lab. Employees who are actually involved with the testing are required to receive training on an annual basis.
- Give the applicant a copy of your written policy and an opportunity to read it in advance of the test.

- If the applicant fails the test, Iowa law requires you must send a notice giving the applicant information about how to request medical records. If the applicant is under 18, a copy of the letter must also go to a parent by certified mail, return receipt requested.

- Keep the results of the test confidential.

[Detailed guidance](#), including a sample policy for drug testing prospective employees and a suggested letter to send prospective employees who test positive for drugs are available on [IADA.com](#). Dealership personnel involved in administering and enforcing the pre-employment drug testing policy should also consult the Governor's Office of Drug Control Policy publication [A Guide to Workplace Drug Testing in Iowa](#).



# Three Things to Know About Retailing Canadian Vehicles

More pre-owned vehicles originally titled in Canada are appearing in the Iowa market. There are several important considerations in retailing such vehicles.

The Iowa Department of Transportation, Iowa county treasurers, and the titling agencies of other U.S. states do not treat Canadian or other non-U.S. titles in the same manner as domestic titles. In addition to the Canadian title and registration, a letter from the manufacturer stating that the vehicle meets U.S. Department of Transportation Federal Motor Vehicle Safety Standards is required in order to secure an Iowa title. The letter must state that the specific vehicle has been reviewed and approved by the U.S. Customs Service. Approval must also indicate that the specific vehicle meets U.S. Department of Transportation and U.S. Environmental Protection Agency standards. This approval may come in three forms: as a stamp of approval on the manufacturer's letter or a separate U.S. Customs Form 7501 indicating approval; a bond release letter issued by the National Highway Traffic Safety Administration; or an approved broker's invoice or screen print.

The Iowa Department of Transportation Bureau of Investigation and Identity Protection has implemented a policy requiring the physical inspection of all Canadian-titled vehicles by an Iowa DOT investigator before the issuance of an Iowa title. This practice was initiated in part because of fraudulent activity by out-of-state importers attempting to secure Iowa titles without the vehicles in question ever being physically present or used in the state. In order to expedite the titling to your customer, it is best practice to secure an Iowa title for any vehicle in inventory that is on a Canadian title. Inspections may be scheduled through your local Iowa DOT enforcement officer.

Automobile manufacturers sometimes terminate warranty coverage for Canadian-titled vehicles that are exported from Canada for use in the United States and there is no generally available public resource to determine whether the manufacturer warranty on a vehicle has been terminated. Dealers should use extreme caution in determining how and whether to make advertising and sales representations regarding whether a manufacturer's warranty still applies, and that is especially true of making the optional/discretionary disclosure regarding the remaining unused manufacturer's warranty on the FTC Used Car Buyers Guide. The fact that you do not know and cannot confirm whether the original warranty has been terminated may be a material fact under the Iowa Consumer Protection Act.

1. Additional documentation is needed.
2. The Iowa DOT requires physical inspection of all Canadian-titled vehicles by an Iowa DOT investigator before an Iowa title is issued.
3. Manufacturers sometimes terminate warranty coverage for Canadian-titled vehicles exported from Canada.

## Preliminary Model Year 2018 Fuel Economy Guide Available

The Fuel Economy Guide for Model Year 2018 is available from the Department of Energy. Environmental Protection Agency regulations require that copies of the Fuel Economy Guide for each model year of new vehicles you are selling must be prominently displayed and available to the public.

You can [download an electronic copy of the Fuel Economy Guide](#) (as well as revised versions of past guides) online at [FuelEconomy.gov](http://FuelEconomy.gov).

## NADA Show 2018 Early Registration Rate Ends November 17

The discounted early bird registration rate for the [NADA Show 2018](#) will end on November 17.

The early bird registration rate of \$375 for NADA member dealers and managers will go up to \$400 on November 18 and \$475 on March 17.

NADA 2018 will be held in Las Vegas March 22-25, 2018. Keynote speakers for the convention include University of Alabama football coach Nick Saban, Waymo CEO John Krafcik, and Robert O'Neill, a former Navy SEAL who claims to be the one who killed Osama bin Laden.

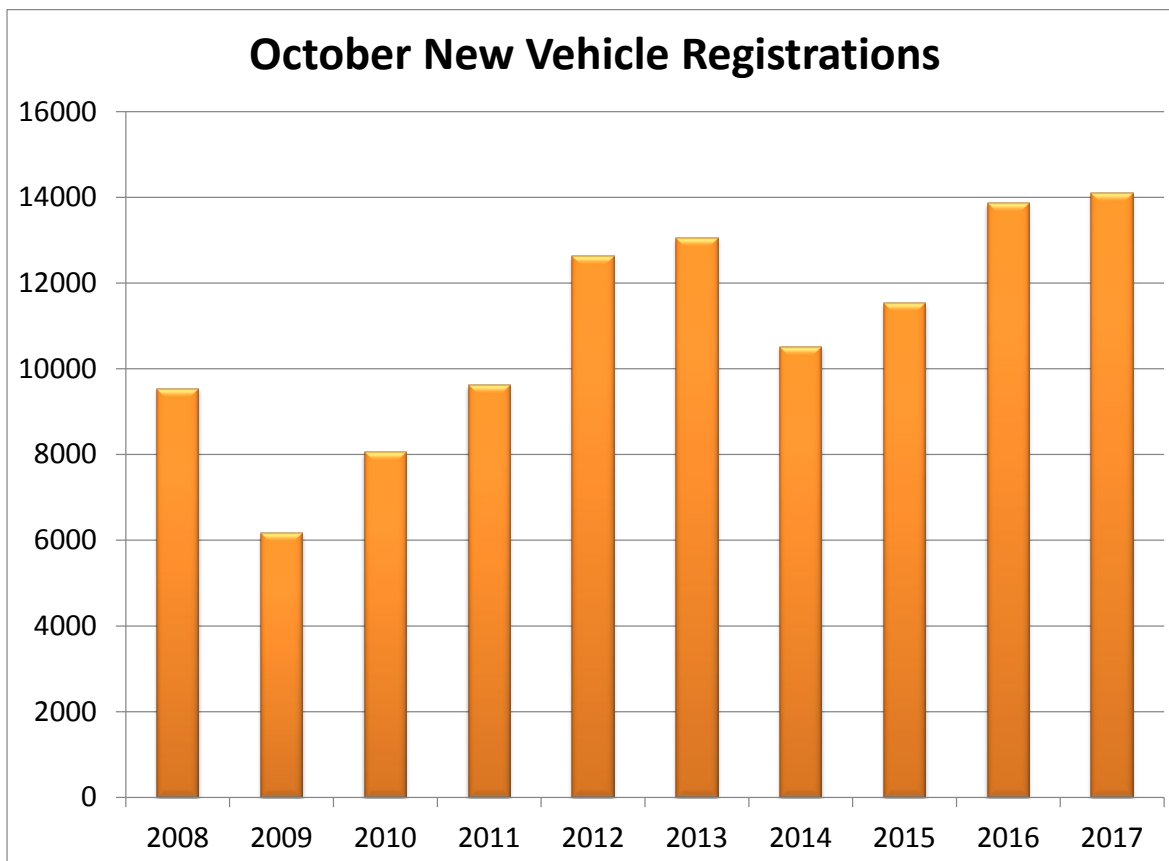
Visit [Show.Nada.org](http://Show.Nada.org) for more information about the convention and to register.

## Southern California Dealership Group Fined \$1.4 Million for Violating FTC Order

A dealership group in Southern California is learning just how expensive it can be to violate an FTC order. The group, comprised of 12 dealerships, [must pay \\$1.4 million after violating a 2014 administrative order](#) prohibiting the dealerships from making misrepresentations about finance or lease charges.

The consent order bars the dealerships from making similar misrepresentations and imposes reporting requirements designed to prevent violations in the future.

The charges stem from advertisements indicating that consumers could pay \$0 up-front to lease a vehicle, without disclosing significant required fees. Other dealership advertisements allegedly violated the Consumer Leasing Act, Truth-in-Lending Act, and Regulation Z.



## October New Vehicle Registrations Up 1.67%, Set Record for Month

Iowans registered 14,107 new vehicles last month, up 1.67% from the 13,875 new vehicles registered in October 2016, which is the largest number of vehicles registered in Iowa in the month of October. So far in 2017, Iowans have registered 117,387 new vehicles, down 0.73% from 2016.

IADA obtains new vehicle registration reports from Reg-Trak Inc. For more information on how you can order your own customized reports, contact [Scott Quimby](#) at 877.335.2525.

### Biggest Registrations Increase October 2016 – October 2017

Make	October 2016	October 2017	Increase	% Change
Ford	2,216	2,537	321	14.49%
Chevrolet	3,020	3,306	286	9.47%
GMC	550	620	70	12.73%
Kia	401	465	64	15.96%
Mitsubishi	36	97	61	169.44%
Ram	605	655	50	8.26%
Infiniti	29	62	33	113.79%
Nissan	788	816	28	3.55%
Volvo	33	60	27	81.82%
Honda	750	773	23	3.07%

### Biggest Registrations Decrease October 2016 – October 2017

Make	October 2016	October 2017	Decrease	% Change
Dodge	472	284	-188	-39.83%
Hyundai	478	324	-154	-32.22%
Subaru	558	433	-125	-22.4%
Chrysler	309	251	-58	-18.77%
Buick	362	311	-51	-14.09%
Mazda	161	123	-38	-23.6%
Mercedes-Benz	85	58	-27	-31.76%
Lincoln	82	59	-23	-28.05%
Toyota	1,361	1,342	-19	-1.4%
Acura	66	48	-18	-27.27%
Volkswagen	184	166	-18	-9.78%

Source: Reg-Trak Inc.

# Advanced Access to Super Bowl Tickets Available for IADA Members

Super Bowl LII will kick off in Minneapolis on Sunday, February 4, 2018, and IADA members have a special opportunity through NFL On Location Experiences for advanced access to purchase the best Super Bowl tickets and hospitality packages directly through the NFL.

To learn more about this special opportunity for you or your business please contact our IADA personal representative with NFL On Location Experiences, Will Herring, at 763.334.6975 or [wherring@onlocationexp.com](mailto:wherring@onlocationexp.com).



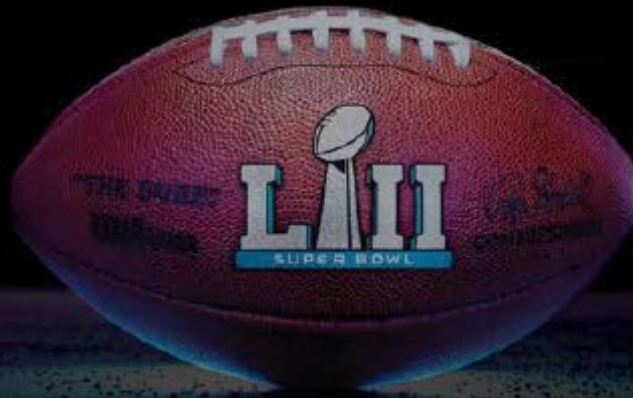
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**Contact Will Herring today for Super Bowl LII ticket information!**  
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