

Iowa Automobile Dealers Association

ACTION UPDATE

IADA Calendar

August 6–7, 2015

Summer Board Meeting
Des Moines

September 14–25, 2015

Town Meetings
Locations Around Iowa

September 29–30, 2015

NADA Washington Conference
Washington, D.C.

November 19–20, 2015

Winter Board Meeting
West Des Moines

Iowa Automobile Dealers Association

Chairman

Jeff Weber
Anderson-Weber Toyota
Scion Lincoln

Vice Chairman

Brad Deery
Deery Brothers of
West Burlington

President

Bruce Anderson

Secretary

Jim O'Halloran
O'Halloran International Inc.

Treasurer

Jeff Finch
Wes Finch Auto Plaza

Immediate Past Chairman

Dave Edwards
Edwards Chevrolet Cadillac

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.

Representatives Blum, Loeb sack Visit Iowa Dealerships



Representative Rod Blum visited **Cedar Rapids Truck Center** (Cedar Rapids) on Monday, July 6. During the tour of the facility, he had the opportunity to climb inside a heavy duty truck and learn more about the industry from dealer principal **George Grask** and other dealership employees.



Representative Dave Loeb sack visited **Toyota of Iowa City** (Iowa City) on Monday, July 20. Dealer principal **Mark Dreusicke** took Loeb sack on a tour of the dealership while discussing issues facing the industry. Loeb sack also had the opportunity to visit with dealership employees.

Annual Sales Tax Holiday August 7–8

The annual Iowa sales tax holiday will be Friday, August 7 and Saturday, August 8. This will impact your parts department or pro shop if you sell clothing, including t-shirts and hats.

During the annual sales tax holiday, which takes place the first Friday and Saturday of August every year, Iowa sales tax cannot be collected on clothing or footwear priced at less than \$100. All businesses selling those items are required to participate.

Sales that qualify as exempt must be reported and then deducted on your quarterly sales tax return. Retailers that improperly charge sales tax on clothing or footwear during the tax holiday will be required to make refunds in the event of an audit or complaint.

For more information, visit the [Department of Revenue website](#).

DOT Audits Finding Prohibited Employees

The Iowa Department of Transportation Bureau of Investigation and Identity Protection recently advised IADA that it has discovered multiple situations during routine dealer audits where people prohibited from working in Iowa automobile dealerships are on the payroll.

There is a five-year employment ban on any person convicted of a fraudulent practice or any other indictable offense in connection with selling or other activity relating to motor vehicles created as a prohibited practice under the [Iowa Motor Vehicle Manufacturers, Distributors, Wholesalers, and Dealers Code](#). An indictable offense is any offense other than a simple misdemeanor, and the statute does not limit it to only Iowa convictions. The applicable statute in its entirety reads as follows:

Iowa Code §322.3(12). A person convicted of a fraudulent practice or any other indictable offense in connection with selling or other activity relating to motor vehicles, in this state or any other state, shall not for a period of five years from the date of conviction be an owner, salesperson, employee, officer of a corporation, or representative of a licensed motor vehicle dealer or represent themselves as an owner, salesperson, employee, or representative of a licensed motor vehicle dealer.

It really is that simple. People convicted of fraudulent practice or any offense greater than a simple misdemeanor in connection with selling or other activity relating to motor vehicles—in Iowa or elsewhere—cannot work in Iowa motor vehicle dealerships for a five-year period that begins on the date of their conviction. That period is measured from when they are adjudicated guilty and not the date the offense occurred. The DOT is checking your payroll records during dealership audits to see if you have anyone like that working for you. It is a dealership license violation for you to employ such a person in the dealership in any capacity.

IADA has a two-point best practice recommendation.

- Ask every job applicant (not just applicants for sales positions) this question: “During the past five years have you been convicted in Iowa or any other state of a fraudulent practice or any other indictable offense in connection with selling or other activity related to motor vehicles?”
- Conduct an Iowa criminal background check on every job applicant to determine whether Iowa has record of any disqualifying conviction. Information relating to Iowa criminal background checks can be accessed by [clicking here](#).

Contact Bruce Anderson with any questions. He can be reached at banderson@iada.com.

Dealer News

Lichtsinn Motors Sold to Pritchard Family Auto Stores

Lichtsinn Motors (Forest City) has been sold to Pritchard Family Auto Stores. The Chevrolet, Buick, and GMC dealership will now be called Forest City Auto Center. Lichtsinn RV was not included in the sale and will continue to operate as usual.

Four Iowa Dealerships Make Automotive News' Best to Work For List

Congratulations to the four Iowa dealerships on the Automotive News' Best Dealerships to Work For list: **Dave Wright Nissan Subaru** (Cedar Rapids), **Kemna Auto Center** (Algona), **Mercedes-Benz of Des Moines** (Urbandale), and **Pritchard Auto Co.** (Britt). The dealerships' placement on the list will be revealed in October.

Creston Automotive Donates \$6,000 to Lenox Youth Sports

Creston Automotive (Creston) raised \$6,000 for Lenox Youth Sports through a Drive 4UR Community event held in May.

Wes Finch Auto Plaza Donates \$1,000 to Crisis Intervention Services

Wes Finch Auto Plaza (Grinnell) donated \$1,000 to Crisis Intervention Services, a group that provides services and support to victims of domestic abuse and sexual assault.

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

Dealer Deadlines

August 1

Motor Vehicle Service Contract Filing Due
Motor vehicle service contract provider and service company filings must be submitted by August 1. The penalty for a late filing of the Providers Annual Filing Form is \$200. The penalty for a late filing of the Service Company Registration Form is revocation of your Iowa registration and loss of the right to sell motor vehicle service contracts in Iowa until the qualification and registration process has been completed again. To file, visit the [Iowa Insurance Division's website](#).

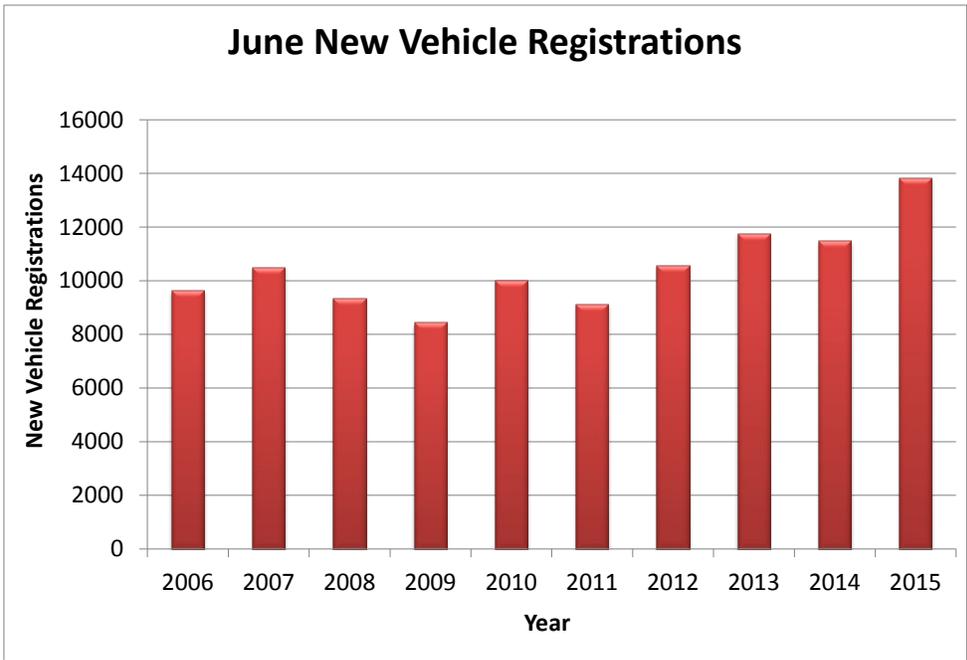
Iowa New Vehicle Registrations Up 20.6% in June

Iowans registered 13,835 new vehicles in the month of June, up 20.6% from the 11,472 new vehicles registered in June 2014. So far this year, 70,745 new vehicles have been registered, up 8.9% from 2014.

Chevrolet had the largest share of the market, with 21.8% of new registrations. Ford came in second at 18.4%. Toyota, the other brand to hit double-digits, had 10.9% market share. Honda (6.1%), Jeep (5.1%), and Nissan (4.9%) all had strong months, as well.

Truck sales nearly doubled cars. Truck registrations came in at 9,179 while 4,656 cars were registered.

IADA obtains new vehicle registration information from preferred provider Reg-Trak Inc. For more information about Reg-Trak or to order your own customized reports, contact [Scott Quimby](#) at 877.335.2525.



Commentary: NADA Refocuses on Core Services

By NADA Chairman Bill Fox

The National Automobile Dealers Association was founded in 1917 with a singular mission: to protect the interests of new-car dealerships and advocate for an industry that would become an economic backbone of the nation.

For nearly a century, NADA has been fulfilling that goal and, in the process, pioneered some of the most valuable services in the industry for its growing membership, right under its roof. These services include the NADA Used Car Guide, which has been part of NADA's heritage for more than 80 years, and NADART, founded in 1957.

We never imagined we would part with either one, and we would not have unless we firmly believed doing so would benefit our dealer members and advance NADA's core mission.

This was the case when J.D. Power made an unsolicited offer to purchase the Used Car Guide business. With a difficult decision at hand but unanimous consensus, the NADA board of directors, the Guide board of advisors and NADA's finance and executive committees, all agreed that the best course of action was to sell the Guide to J.D. Power, a trusted industry ally.

This decision, which was not reached

easily or without careful consideration, will benefit all parties involved, especially our dealer members and the Guide's current and future customers. The Guide business will continue to grow and become an even stronger industry resource under J.D. Power. As part of its agreement with NADA, J.D. Power will continue to provide NADA members with a complimentary Guide subscription as a membership benefit.

In a move unrelated to Guide, after conducting an in-depth review of various retirement plan providers, NADA made a decision to enter into a relationship with Empower Retirement, a division of Great-West Life and Annuity Insurance Company, to offer retirement plans to NADA members. Empower Retirement is the second-largest retirement plan provider in the United States with nearly 7 million participants. The new NADA Retirement Program from Empower will go live in October of 2015, as the long-standing NADART program is retired.

NADA Retirement Program participants can expect to see many enhanced benefits, including a nearly 50% reduction in program fees, a state-of-the-art website designed to make it easier for participants to track their progress in saving for retirement, and fiduciary

support services at a level higher than those offered by other retirement service providers, which is a service already familiar to NADART plan sponsors. NADART has been working closely with Empower to ensure a streamlined transition process for plans transferring to Empower.

While it's difficult to see these long-time services, built over NADA's history, leave the NADA family, we look to the future with optimism and renewed vigor. And, as always, we will continue to guard the interests of the franchised dealers we are privileged to serve, while remaining steadfast to NADA's mission that began nearly 100 years ago.

Most importantly, these moves will allow NADA to become more mission-focused, centering on core member services, which include protecting and strengthening the dealer franchise system, advocating on behalf of new-car dealers with Congress, the regulatory agencies in Washington, manufacturers, the media and the public, providing education and training resources for dealers and their employees, and providing dealers with better tools to enhance profitability.

Bill Fox is 2015 NADA chairman and a multi-franchise dealer in upstate New York.



Hawkeye Financial Services Inc. board members pause for a picture during the company's annual golf outing. Pictured, from left: **Wes Finch** of **Wes Finch Auto Plaza** (Grinnell), Hawkeye Financial Services Inc. Senior Vice President **Phil Chapman**, **Kevin Wittrock** of **Wittrock Motor Co.** (Carroll), and **Pat Clemons** of **Pat Clemons Inc.** (Boone).

Hawkeye Financial Hosts Golf Outing

More than 100 golfers gathered at Amana Colonies Golf Club on July 9, 2015 for the annual Hawkeye Financial Services Inc. golf outing. Thank you to everyone who came out for a fun event!

Ford ASSET Will Continue at DMACC

Rumors that the Ford ASSET program is being discontinued at DMACC are not true. The program will not be enrolling any new students this year, but will begin accepting new students the following year. Students currently enrolled in the ASSET program will continue through the program this year.

"We're taking a year to revise the curriculum to better meet the needs of dealers in our area," said Scott Ocken, Industry and Technology Academic Dean at DMACC. After this year, the school plans to having a new class of Ford ASSET students every year.

IADA Day at Kinnick Stadium: Get Discounted Iowa vs. Minnesota Football Tickets

IADA members and their employees and families can purchase tickets to the University of Iowa vs. University of Minnesota football game on November 14 at a discounted price. Watch the Big 10 rivals battle it out for Floyd of Rosedale during a 7 p.m. game at Kinnick Stadium.

Tickets can be purchased for \$47 each, a discount of \$18 off the regular single game rate.

Discounted tickets are also available for the Hawkeye Village game ticket and tailgate package at a rate of \$87 per ticket (regularly \$105). Hawkeye Village opens two-and-a-half hours before kickoff and includes musical entertainment and an all-you-can-eat buffet with bottled water and soft drinks. Beer and wine can be purchased inside Hawkeye Village.

Tickets can be ordered on the [Bravo Sports website](#) or by calling 319.626.8286. All orders will be seated together.

In Case You Missed It: ACA Conference Call Alerts Dealers to Compliance Issues

Dealers joined IADA President Bruce Anderson and Affordable Care Act (ACA) expert Jim Rang for a phone conversation on potential problem areas in ACA compliance.

The call included a high level introductory discussion of employer responsibility under the Affordable Care Act, notably how you calculate the 50 employee threshold. Part-time employees are included in and complicate the calculation, as do separate businesses under common ownership and management. Another topic addressed was the recordkeeping, filing, and distribution of Form 1095.

If you missed the call but would like more information, contact Jim Rang at jim.rang@lmcins.com or 563.564.1692.

Regulatory Refresh: Off-Site Sales and Displays

If you want to display or sell vehicles away from your primary dealership location, you must obtain a license or permit from the Iowa DOT.

An extension lot license allows you to display, offer for sale, and sell new and used vehicles.

A temporary sales permit allows you to display, offer for sale, and negotiate the terms of a sale of a new vehicle.

A temporary display permit allows you to display new vehicles. Used vehicles cannot be displayed off-site under any circumstances.

Visit [IADA's online Legal Library](#) to learn more about off-site sales and display rules.