

Iowa Automobile Dealers Association ACTION UPDATE

IADA Calendar

November 19–20, 2015

Winter Board Meeting
West Des Moines

March 31–April 3, 2016

NADA/ATD Convention & Expo
Las Vegas, Nevada

April 14–15, 2016

Spring Board & Annual 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.

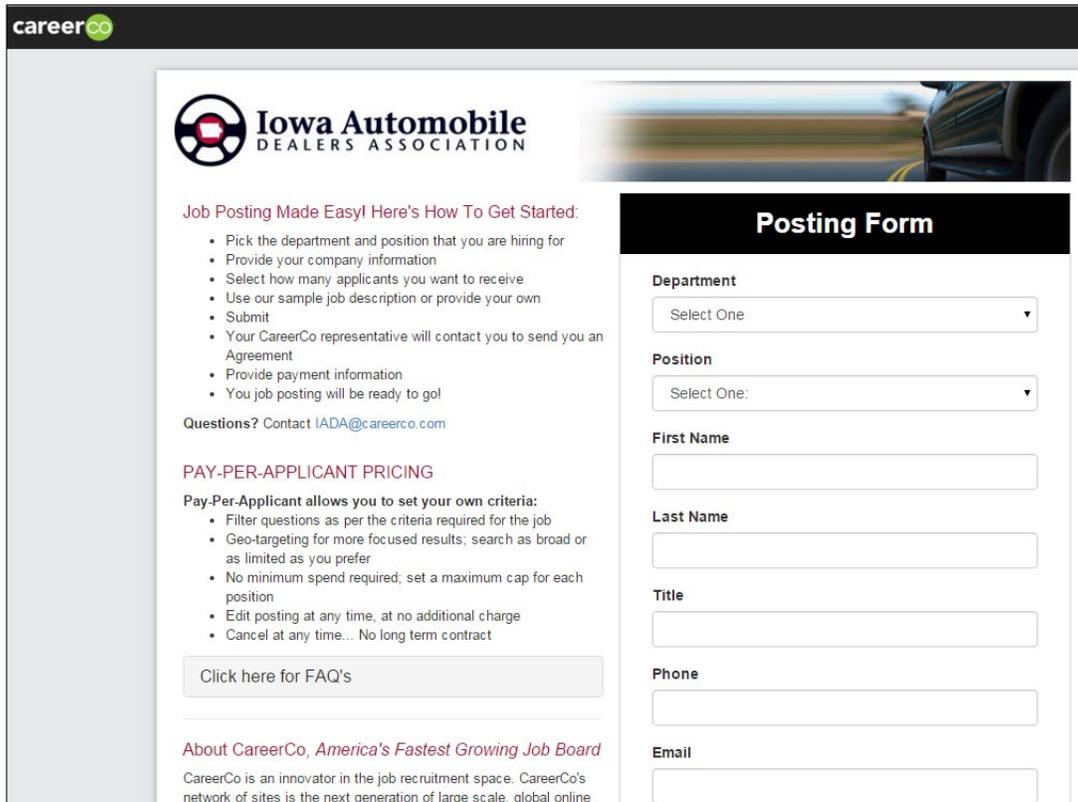
Treasurer

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.



The screenshot shows the CareerCo website interface. At the top left is the CareerCo logo. In the center is the Iowa Automobile Dealers Association logo. Below the logo is a heading "Job Posting Made Easy! Here's How To Get Started:" followed by a bulleted list of steps: 1. Pick the department and position that you are hiring for, 2. Provide your company information, 3. Select how many applicants you want to receive, 4. Use our sample job description or provide your own, 5. Submit, 6. Your CareerCo representative will contact you to send you an Agreement, 7. Provide payment information, 8. Your job posting will be ready to go! Below this list is a link "Questions? Contact IADA@careerco.com". Underneath is a section titled "PAY-PER-APPLICANT PRICING" with a sub-heading "Pay-Per-Applicant allows you to set your own criteria:" and another bulleted list: 1. Filter questions as per the criteria required for the job, 2. Geo-targeting for more focused results; search as broad or as limited as you prefer, 3. No minimum spend required; set a maximum cap for each position, 4. Edit posting at any time, at no additional charge, 5. Cancel at any time... No long term contract. Below this is a button "Click here for FAQ's". At the bottom of the page is a small text block: "About CareerCo, America's Fastest Growing Job Board" and "CareerCo is an innovator in the job recruitment space. CareerCo's network of sites is the next generation of large scale, global online". On the right side of the page is a "Posting Form" with fields for Department (dropdown menu), Position (dropdown menu), First Name (text input), Last Name (text input), Title (text input), Phone (text input), and Email (text input).

The job posting form on the CareerCo website allows IADA members to quickly create a job listing and determine how many applicants they would like to hear from.

IADA Endorses New Hiring Tool for Dealerships *Pay-Per-Applicant Service Reduces Costs of Job Postings*

CareerCo, a hiring tool that acts as a lead generator for job prospects, is IADA's newest preferred provider.

A risk-free, performance-based platform for recruiting, CareerCo can help you fill all of your dealership positions, from sales, management, and accounting positions to parts and service. The service allows you to customize job postings based on desired level of experience, geographical area, and position. What sets it apart from other job boards is that there are no minimum spending requirements, no long-term contracts, and no costs per post. Instead, the service is billed on a pay-per-applicant basis. In other words, you'll pay only when qualified candidates are delivered to you.

CareerCo uses a multi-faceted approach to finding applicants, including search engine marketing, text message and email campaigns, and career advisors available by phone. They only work with applicants who are actively seeking employment and will not contact current dealership employees who are not looking for a new job.

Visit CareerCo's website for Iowa dealers to learn more or email iada@careerco.com.



Time to Get Hiring!
Drive your dealership into the future.
POST JOBS NOW!



photo courtesy of Des Moines Area Community College
Students from the Ames Career Academy take the written portion of the auto skills test.

DMACC, IADA Co-Sponsor Auto Skills Contest

More than 200 students participated in the written portion of the annual auto skills contest held at Des Moines Area Community College (DMACC). Teams from around the state with the highest average score will advance to the hands-on portion of the competition, which will be held in December.

IADA and the Iowa Automobile Dealers Foundation for Education co-sponsor the contest and donate prizes, including tools, equipment and automotive components, to the winning teams and their schools. This year, the winning team will also get to attend the New York International Auto Show and take part in the National Automotive Technology Competition.

The winning team will also receive scholarships from the DMACC Foundation.



Dealer News

Automotive News Names Four Iowa Dealerships Best to Work for

Congratulations to the four Iowa dealerships recognized on the Automotive News "Best Dealerships to Work for" list! **Kemna Auto Center** (Algona) placed 24th, **Mercedes-Benz of Des Moines** (Urbandale) placed 45th, **Dave Wright Nissan Subaru** (Cedar Rapids) placed 50th, and **Pritchard Auto Co.** (Britt) placed 74th.

Visit AutoNews.com/BestDealerships to see the complete list and to learn more about this year's honorees.

Sioux City Ford Lincoln Makes Donation to St. Luke's Children's Miracle Network

Sioux City Ford Lincoln (Sioux City) donated \$12,500 to St. Luke's Children's Miracle Network during the 2015 Caring for Kids Radiothon. The dealership was the presenting sponsor of the annual event, which raised more than \$158,000 to help enhance children's health care.

Ver Hoef Automotive Moves to New Facility

Ver Hoef Automotive (Sioux Center) has moved to a new facility located at 110 20th St. N.E. in Sioux Center.



Dealer **Pat McGrath** (center) and General Manager **Trevor Arnold** (right) of McGrath Volkswagen of Dubuque (Dubuque) visit with IADA President Bruce Anderson at the grand opening of the new dealership.

McGrath Volkswagen of Dubuque Celebrates Grand Opening

McGrath Volkswagen of Dubuque (Dubuque) celebrated its grand opening on Tuesday, October 20.

Lindsay McGrath-Vasquez Named to 40 Under 40 List

Congratulations to **Lindsay McGrath-Vasquez** of McGrath Buick GMC Cadillac (Hiawatha) on being named to the Corridor Business Journal's 40 Under 40 list.

If you have dealership news to share, let **Brittany Bungert** know. [Send her an email](mailto:bbungert@iada.com) or call 515.440.7620.

Dealerships Face FTC, Tax Issues with Use of 'Free' in Advertising

Regulations Also Apply to Words that Mean 'Free'

Most dealers know that the Federal Trade Commission has rules governing the use of the word “free” in advertising. The [FTC's Guide Concerning Use of the Word "Free" and Similar Representations](#) applies to all advertisers' use of the word “free”—and it applies to the use of similar words as well. Although the guide is not automobile dealer-specific, it does contain a provision about advertising products that are usually “sold at a price arrived through bargaining.” That is the provision that prevents automobile dealers from using the word “free” and “words or terms which tend to convey the impression to the consuming public that an article of merchandise or service is ‘Free.’”

The entire guide can be read by [clicking here](#), but the two key provisions for automobile dealers are the ones on “negotiated sales” and “similar terms.” Be certain to read the entire guide if you intend to use the word “free” in advertising relating to products or services that do not usually have negotiated prices—like tires and repairs.

The “negotiated sales” provision could not be clearer. If you sell a product (like motor vehicles) at a price usually arrived at through bargaining (like motor vehicles), it is improper to use the word “free.” Even if you use a “no haggling” pricing model, be sure to read the last sentence of the regulation because if there is bargaining in “other material factors” (like the value of the trade or the cost of the credit), use of the word “free” is still prohibited.

Negotiated sales. If a product or service usually is sold at a price arrived at through bargaining, rather than at a regular price, it is improper to represent that another product or service is being offered “Free” with the sale. The same representation is also improper where there may be a regular price, but where other material factors such as quantity, quality, or size are arrived at through bargaining.

There seems to be confusion on whether the prohibition on the use of the word “free” can be avoided by using other words—like “complimentary” or “at no charge.” The FTC thought of that. It included a specific provision saying that does not work. It included the terms “gift,” “given without charge,” and “bonus” as examples, but made it clear that the prohibition on the use of the word “free” includes words and phrases that mean “free.”

Similar terms. Offers of “Free” merchandise or services which may be deceptive for failure to meet the provisions of this section may not be corrected by the substitution of such similar words and terms as “gift,” “given without charge,” “bonus,” or other words or terms which tend to convey the impression to the consuming public that an article of merchandise or service is “Free.”

There is another problem with the use of the word “free” that has nothing to do with the FTC. In fact, it has nothing to do with advertising—other than the fact that the Iowa Department of Revenue monitors and uses dealer advertising for sales tax audits. When retailers purchase otherwise taxable products for resale (like tires, oil filters, or big screen televisions), they do not pay Iowa sales tax on the items. There is an “acquired for resale” exemption that permits retailers to buy tax-free—as long as they are buying wholesale for the purpose of selling at retail. Retailers lose that exemption when they give the product away instead of selling it. When a dealership runs a “Buy three tires, get one free” promotion, they run the risk of incurring a sales tax audit to make sure that someone is properly paying sales tax on that fourth tire.

Both the FTC violation and that sales tax audit risk go away if you do not use words meaning “free” in your advertising. There is a significant difference between an item being “free” and an item being “included in the price of every vehicle.”

Every dealership should have a copy of NADA's [A Dealer Guide to Federal Advertising Requirements](#) to reference when developing and approving ads. If you'd prefer a printed copy of the guide or have any questions about advertising regulations, contact Bruce Anderson. He can be reached at 515.401.7346 or banderson@iada.com.

Regulatory Refresh: Restricting Credit Card Use

Some customers want to charge some or all of the price of a vehicle to rack up frequent flyer miles or other perks on their credit cards. The problem is what to do when your customer wants to buy a vehicle using a credit card and you do not have enough of a margin to pay the transaction cost and still make a fair profit.

First, there is no law that prohibits you from limiting your customers' use of credit cards. However, you have contracts with one or more financial institutions to process your credit card transactions. Your obligations are outlined in that contract.

The contracts commonly have a provision that prohibits you from limiting the amount charged (either a minimum or a maximum amount). In addition, the contracts may state that your customers may use the card for any product or service you sell.

The financial institutions that process your credit cards have their own contracts with the credit card companies and may be limited by what they can do. “Universal acceptance” is an important feature to the credit card companies.

IADA's best practice guidance is that credit card logos and decals indicating acceptance not be posted at store entrances, in the showroom, or in F&I offices. They should only be displayed in service facilities and at cashier stations—places where people pay for service but not for vehicles. That way when F&I professionals are asked whether a credit card can be used to pay for a car, they can honestly answer “No, they are only accepted in the parts and service departments.” IADA no longer recommends setting a minimum or maximum limit for the use of credit cards.

Dealer Deadlines

Above Ground Storage Tank Registration Due October 31

Any above ground petroleum (gas, diesel, and oil) storage tank with a capacity of more than 1,100 gallons must be registered with the Iowa State Fire Marshall and be affixed with a permanent registration tag. The annual registration fee is \$20. All new tanks must be registered within 30 days of installation (the late registration fee is \$25.00) and every year thereafter. Annual registrations must be submitted on or before October 31 each year to avoid penalty. The registration form can be downloaded from the [Department of Public Safety website](#).

Tanks that do not need to be registered include:

- Tanks with a storage capacity of 1,100 gallons or less.
- Tanks storing heating oil for consumption on the property where it is stored.
- Underground storage tanks defined by [Code of Iowa Section 455B.471](#).
- Flow-through process tanks or tanks containing regulated substances (other than motor vehicle fuel for transportation purposes) used as part of a manufacturing process, system, or facility.

Additional information is available from the [State Fire Marshall Division](#).

Dealers With More Than 100 Employees Must File EEOC Form by October 30

The [Employer Information Report](#) must be filed annually with the Equal Employment Opportunity Commission by October 30. The report, also known as the EEO-1 Report, must be filed by:

- Businesses that have more than 100 employees
- Businesses that have 100 or more employees in affiliated entities

Dealerships are affiliated entities if there is "centralized ownership, control or management (such as central control of personnel policies and labor relations) so that the group legally constitutes a single enterprise." In many cases, dealer groups fall within this category.

Employers who filed the report last year should have received a notification letter in July. For security reasons, passwords have been reset since last year. Consult your notification letter for your new password or send an email to e1.lostloginpassword@eEOC.gov to submit a request for password.

First-time filers will need to [register their company](#) prior to filling out the report.

Single-location companies will file just the single-establishment company report, while multi-establishment companies will need to fill out a consolidated report, headquarters report, and reports for each location depending on the number of employees at the location.

It is important that you hit the "certify report" button when you have completed it. If you do not certify the report, the EEOC will not receive it. You will receive an EEO-1 violation notice and appear on the non-respondent list—even if the rest of the report is complete.

The [EEOC has an extensive and updated FAQ](#) for filers to consult. If you have questions about the report, call the EEOC Surveys Division at 866.286.6440.

Registration Open for NADA Convention & Expo

Registration is open for the [2016 NADA Convention & Expo](#), which will be held in Las Vegas March 31 – April 3.

[Get registration information and register online.](#)

Speakers at the general sessions include comedian Jeff Foxworthy, political strategist Karl Rove, former Vermont Governor Howard Dean, Politico White House correspondent Mike Allen, and Denver Broncos quarterback Peyton Manning.

Attendees that register by November 27 will qualify for a discounted early bird rate. Registration between November 28 and March 25 will go up \$25. Registration for dealers and managers includes admission to general sessions, franchise meetings, workshops, the exhibit hall, and lifestyle experience.

Nominate a Heavy Duty Truck Dealer for ATD Truck Dealer of the Year

ATD is accepting nominations for the Truck Dealer of the Year award. The winner will be an honorary ATD officer, become the Dealer-in-Residence at Indiana University with the opportunity to present guest lectures, and be featured in national and industry publications.

[Click here to nominate a dealer.](#)

Nominate a Dealer for AIADA's Lifetime Achievement Award

AIADA is [seeking nominations for the David F. Mungenast Lifetime Achievement Award](#), which honors a dealer or other member of the industry for his or her contributions to the industry and community.

[Nominations](#) are due November 6. The winner will be announced at AIADA's Annual Meeting and Luncheon on April 3, 2016.

Share Ideas for IADA Legislative Agenda

At the winter board meeting November 19–20, the board of directors will establish IADA's legislative agenda for the 2016 session. If your dealership is dealing with an issue that requires a legislative fix, let us know. Contact [Bruce Anderson](#) with suggestions.