

Iowa Automobile Dealers Association ACTION UPDATE

IADA Calendar

February 14–17, 2020

NADA Show
Las Vegas

March 2, 2020

Scholarship Applications Due

April 16–17, 2020

Spring Board & Annual Meeting
West Des Moines

Iowa Automobile Dealers Association

Chairman

Mike Clemons
Clemons Chevrolet

Vice Chairman

John Gookin
Gookin Ford Sales

President

Bruce Anderson

Secretary

Matt Brown
Bob Brown Buick GMC

Treasurer

Jeff Finch
Wes Finch Auto Plaza

Immediate Past Chairman

Jeff Haun
Riley Mazda Subaru

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.


IADA Endorses Payment Processor Dealer Pay

Dealer Pay, a dealer-specific payment processing solution, is IADA's newest endorsed vendor.

The only payment processor endorsed by IADA, Dealer Pay earned that endorsement because of their best-in-class service and dealer-focused business model.

Dealer Pay offers custom solutions for credit card and check processing that help streamline operations and improve customer retention. They provide faster processing speeds, improved reconciliation, and user-friendly technology.

For more information, visit Dealer-Pay.com or contact Julie Douglas at julie@dealer-pay.com.

Let's take a closer look...	 DealerPay	Your Bank	Other Processors
Hands-on service / support	*****	**	**
Security focused	*****	***	**
Tech savvy / consumer focused	*****	**	***
Dealer-specific experience	*****	*	*
Transparent pricing (never raises rates)	*****	*	*
Reputable references	*****	**	*
Low overhead	*****	*	**

Regulatory Refresh: Record Retention

Establishing and following a record retention and destruction policy is vital for any dealership. Records must be retained in accordance with the law, but keeping records longer than required creates significant legal and security risks. Having a record retention and destruction policy is not enough—it must be followed carefully, with documents destroyed once they are no longer required to be retained. IADA recommends regularly shredding outdated records as a best practice.

Electronic Records

As technology changes allow, many dealerships are moving to storing records electronically. If your dealership is keeping records electronically, the IRS requires that:

- The records must be indexed and searchable by customer name and chronologically. It is not enough to just have it stored; you have to be able to find it. Fast.
- Records that are stored electronically must be capable of being accurately reproduced. That means the system must be able to produce and print an exact reproduction of the original document as opposed to creating a new

document with the data points contained in the original.

- The same (or better) access/security requirements that are in place for paper records should be in place for electronic records. Just as every employee in the dealership does not have access human resource/employment records or customer account records, electronic versions of those records need to have the same limited access through password protection.

ERT

When dealers begin using the electronic registration and titling (ERT) system, there will be a new record retention requirement. Any paper documents submitted through the ERT system must be retained for six months.

NADA Guide

NADA released a comprehensive look at record retention last fall. [A Dealer Guide to Federal Records Retention and Reporting](#) is available to NADA members on the NADA website.

IADA Guide

Consult our record retention guide (see page 5) to see retention requirements for many dealership documents and files.

Dealer Deadlines: OSHA Form 300A, Consumer Credit Code, Form 8300 Notifications

OSHA Form 300A

OSHA Form 300A for 2019 must be posted from February 1 to April 30. The form, which is a summary of work-related injuries, must be posted each year, even if no recordable work-related injuries or illnesses occurred during the year.

[The form and instructions can be found on OSHA's website.](#)

Automobile dealerships with 11 or more employees were required to begin complying with OSHA's recordkeeping regulation in January 2015. Dealerships must fill out OSHA Form 300, the Log of Work-Related Injuries and Illnesses; OSHA Form 300A, the Summary of Work-Related Injuries; and OSHA Form 301, the Injury and Illness Incident Report.

Consumer Credit Code Notification Form

Every dealer [arranging auto lending must file a notification](#) and pay a \$50 fee to the Iowa Attorney General by January 31. All dealers who sign retail installment contracts must file. You can find [dealer-specific instructions on how to fill out the form in our online Legal Library](#). The attorney general's office also has a [helpful FAQ](#) as well as [filing information](#) on its website.

Form 8300 Notification

The IRS requires that customers who are identified on cash reporting Form 8300 during 2019 be notified in writing by January 31, 2020. As a reminder, Form 8300 is required to be reported on any consumer transaction in which your dealership receives more than \$10,000 cash. The notice must state your dealership name and address, the amount you reported on the form, and a statement that the information has been reported to the IRS.

There is a tricky trap in the IRS cash reporting rule that is easy to miss. The general rule is that when a customer uses more than \$10,000 in cash in a transaction or related transactions, the recipient must report the receipt(s) on Form 8300. The trick is knowing when transactions are "related." There are two sections to the definition of "related transaction:"

1. Two or more transactions between a payer and a recipient totaling more than \$10,000 in a 24-hour period. That is a hard and fast rule that has nothing to do with calendar days or business days or banking days. It means that if you accept two or more cash payments totaling more than \$10,000 within a 24 hour/1,440 minute/86,400 second time period, you must comply with the IRS Form 8300 reporting requirements. That means if a customer hands you 9,999 one dollar bills to purchase a car and then comes back 23 and a half hours later and sticks six quarters in your Coke machine, you have reportable related transactions.
2. Transactions are also related even when they are more than 24 hours between the cash payments, if the business knows, or has reason to know, that each is a series of connected transactions. An example of such a situation would be a customer who pays \$9,000 cash for a used truck and at the same time orders running boards and a bed liner which she contractually agrees to pay for "when installed" and then pays more than \$1,000 for those items when delivered.

For additional information, consult the [IRS Form 8300 Reference Guide](#) or the [IADA Legal Library](#). Contact IADA President [Bruce Anderson](#) with any questions.

Dealer News

Midwest Peterbilt Group Receives Grant for Diesel Tech Academy

Midwest Peterbilt Group, which has locations in Sioux City, Council Bluffs, and Des Moines, has received a [\\$50,000 matching grant](#) from the Iowa Employer Innovation Fund for its Midwest Diesel Tech Academy.

Gregg Young Chevrolet Named Norwalk Business of the Year

Gregg Young Chevrolet (Norwalk) was named the 2019 Business of the Year by the Norwalk Chamber of Commerce.

Willis Named to Most Influential Business Leaders List

Rich Willis of **Willis Automotive** (Clive) was named to the Business Record "Most Influential Business Leaders" list. Willis was recognized as the 24th most influential business leader in the Des Moines metro area.

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

Board of Directors Election: Seeking Nominations

The 2020 IADA Board of Directors election will be conducted over the next several months. The first phase of the election process is for the membership to recommend dealers for the nominating committee's consideration.

Three director positions are up for election in 2020: [District One Director](#), [Independent Director](#), and [Heavy Duty Truck Director](#).

Current District One Director **Dave Wright** of **Dave Wright Nissan Subaru** (Hiawatha) is eligible for re-election. Wright has served one term as District One Director.

Current Independent Director **Dale Finch** of **Greene County Motor Co.** (Jefferson) and Heavy Duty Truck Director **Jon McCoy** of **Truck Country of Iowa** (Dubuque) are term limited and unable to run again.

Notes from the Statehouse: The 2020 Legislative Session Begins

The 2020 legislative session kicked off with the usual ceremonies and initial committee meetings, launching what promises to be a busy several months for lawmakers and IADA's government relations team.

A bill advancing several IADA legislative priorities has been filed in the Senate. [SSB 3015](#):

- Prohibits factory warranty reimbursement surcharges.
- Requires reasonable and adequate time allowances for warranty time allotments.
- Establishes an annual cost of living adjustment for the documentary fee cap.
- Permits returning license plates for credit to any county instead of the county of issuance.

IADA will keep members updated on the status of the legislation and let dealers know if they need to contact their legislators about the bill.

Contact IADA President Bruce Anderson with questions about IADA's government relations program. He can be reached at banderson@iada.com or 515.440.7630.

Who To Know

Senate

President Charles Schneider

President Pro Tempore Jerry Behn

Majority Leader Jack Whitver

Majority Whip Amy Sinclair

Minority Leader Janet Petersen

Minority Whip Amanda Ragan

Transportation Committee

Chair Tim Kapucian

Vice Chair Waylon Brown

Ranking Member Eric Giddens

Committee Members

Michael Breitbach, Chris Cournoyer, Kevin Kinney, Carrie Koelker, Jim Lykam, Tom Shipley, Jackie Smith, Todd Taylor, Zach Whiting, Dan Zumbach

House

Speaker Pat Grassley

Speaker Pro Tempore John Wills

Majority Leader Matt Windschitl

Majority Whip Mike Sexton

Minority Leader Todd Prichard

Minority Whip Jo Oldson

Transportation Committee

Chair Brian Best

Vice Chair David Maxwell

Ranking Member Bob Kressig

Committee Members

Gary Carlson, Dennis Cohoon, Ashley Hinson, Daniel Huseman, Charles Isenhardt, Kenan Judge, Jennifer Konfrst, Jeff Kurtz, John Landon, Brian Lohse, Ann Meyer, Brian Meyer, David Sieck, RasTafari Smith, Kristin Sunde, Jon Thorup, Dave Williams, Gary Worthan

Registration Fees Can Continue to Accrue Despite Exemptions

Iowa Code permits dealers to hold vehicles in inventory without accrual of annual registration (license plate) fees as long as the registration fees are current when the vehicle is taken into inventory. A trade vehicle that has delinquent annual registration fees owed by the trade customer will continue to accrue registration fees each month which must be paid when the vehicle is transferred to and registered by an Iowa resident. Dealers should use the Iowa DOT ARTS tool to verify registration fees are current before taking a vehicle on trade.

There is a related and tricky provision of the Iowa Administrative Code (§760-400.27(5)) that applies when a plated motor vehicle owned by and registered to an Iowa dealer is transferred to inventory. Iowa law requires that motor vehicles owned by automobile

dealerships and used as a "work or service vehicle or offered for rent, lease or hire" (such as vehicles used as a service truck, parts truck or rental car) are subject to registration fees and must be plated.

When a registered and plated service vehicle is taken out of service and placed in inventory, the monthly registration fees continue until and unless the license plates are physically surrendered to the county treasurer—even if the plates have expired. IADA recommends that the plates be returned to the county treasurer with a letter or other writing which contains the VIN and advises the county treasurer that the vehicle has been transferred to dealer inventory.

Contact IADA President [Bruce Anderson](#) or Director of Dealer Services [Jessi White](#) with questions.

It's Time to Recognize Milestone Dealerships

If your dealership is celebrating 25, 50, 75, or 100 years in business in 2020, we want to know! Milestone anniversary dealerships will be honored at the Spring Board & Annual Meeting on April 16, 2020.

Let Director of Special Events Mary Cason know about your dealership's anniversary by March 23, 2020 in order to be included in this year's celebration. She can be reached at mcason@iada.com or 515.440.7625.

December New Vehicle Registrations Up 0.94%

2019 Ends Down 6.17% from 2018

Iowans registered 12,407 new vehicles in December, up 0.94% from the same month in 2018. The total number of new vehicles registered in 2019 was 130,248, down 6.17% from the 138,806 registered in 2018.

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 Registration Increases 2018–2019

Make	2018	2019	Change	Percent Change
Ram	6,612	7,438	826	12.49%
Subaru	4,453	5,078	625	14.04%
Kia	3,986	4,166	180	4.52%
BMW	744	897	153	20.56%
Lincoln	670	731	61	9.10%
Mercedes-Benz	676	720	44	6.51%
Genesis	22	39	17	77.27%
Ferrari	5	11	6	120.00%
McLaren	0	5	5	NA
Lamborghini	3	6	3	100.00%

Top Makes Registered

1. Chevrolet 27,351
2. Ford 22,694
3. Toyota 12,805
4. Jeep 8,583
5. Honda 8,453
6. Ram 7,438
7. GMC 6,124
8. Nissan 5,579
9. Subaru 5,078
10. Kia 4,166
11. Hyundai 3,695
12. Buick 3,138
13. Dodge 2,425
14. Chrysler 1,843
15. Volkswagen 1,756

Biggest Registration Decreases 2018–2019

Make	2018	2019	Change	Percent Change
Ford	24,496	22,694	-1,802	-7.36%
Nissan	7,361	5,576	-1,782	-24.21%
Chevrolet	28,970	27,351	-1,619	-5.59%
Dodge	3,519	2,425	-1,094	-31.09%
Jeep	9,181	8,583	-598	-6.51%
Toyota	13,397	12,805	-592	-4.42%
Chrysler	2,395	1,843	-552	-23.05%
Honda	8,928	8,456	-472	-5.29%
Mitsubishi	560	258	-302	-53.93%
Hyundai	3,978	3,695	-283	-7.11%

Iowa New Vehicle Registrations

Year	Vehicles Registered
2019	130,248
2018	138,806
2017	137,702
2016	138,001
2015	142,006
2014	137,663
2013	136,668
2012	130,420
2011	118,653
2010	103,697

Accounting

Audit Reports	Permanently
Accounts Receivable or Payable Ledger	8 years
Bank Statements and Reconciliations	5 years
<i>Canceled Checks</i>	
Payroll and General	5 years
For Purchase of Assets	5 years after asset disposition
Capital Stock Book	Permanently
Cash Disbursement Journal	8 years
Cash Received Journal	8 years
Expense Reports	6 years
Expense Ledger	8 years
Financial Statements	8 years, retain permanently if no formal audit reports.
General Ledger and Journal	Permanently
Interdepartmental Sales Journal	8 years
Inventory Records (annual)	8 years
New Car Sales Journal	8 years
Notes Receivable Ledger	8 years
Parts, Accessories, and Service Sales Journal	8 years
<i>Payroll</i>	
Earnings Records	5 years
Journal	5 years
Time Cards	3 years
<i>Petty Cash</i>	
Vouchers	3 years
Summary Envelope	3 years
Prepaid and Accrued Expenses Journal	3 years
Subsidiary Ledger	8 years
Trial Balances	8 years
Vouchers: Vendors, Employees	8 years

Corporate

Articles, Bylaws, Minutes, Other Corporate Records	Permanently
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Correspondence

General	Permanently
Legal and Tax	10 years

*Each item in the deal jacket has its own retention requirement. Unless you want to strip the file, keep the car deal for 10 years, or, in the case of contracts performed over time, for 10 years past the contract's expiration.

**The Used Car Buyers' Guide is not required to be kept, however, if you don't keep a signed copy it will be difficult to prove that your customer received one.

Operations

Accident Reports	6 years
Bills of Lading	10 years
Buyer's Guide—Used Car**	No requirement*
Car Invoices*	6 years*
Car Purchase Orders*	10 years
<i>Credit Applications</i>	
Denied*	7 years*
Approved*	7 years*
Credit Card Slips	1 year
Credit Denial Notices*	5 years*
Criminal Background Checks	1 year
Customer Files*	10 years*
Damage Disclosure Statements*	5 years*
<i>Employment Applications</i>	
Terminated and Not Hired	3 years
Hired	3 years after termination
Insurance Policies—Expired	4 years
Internal Repair Orders*	3 years
Junking Certificate	3 years
Odometer Statements*	5 years
OSHA Records	6 years
Personnel Files	6 years after termination
Purchase Orders	6 years
Repair Estimates	9 months
Repair Order Check Sheet	2 years
Repair Order	6 years
Retail Installment Contract*	10 years
Sales Invoices	6 years
Service Contracts/Extended Warranties*	10 years after expiration
Shipping, Receiving Reports	6 years
Underground Storage Tanks—Testing/DNR Correspondence	Permanently
Uniform Hazardous Waste Manifests	3 years
Vendor Invoices	6 years

Taxes

Form 8300	5 years
<i>Income Tax Returns</i>	
US and State	Permanently
Related Work Papers	5 years
IRS Audit Results	Permanently
Unemployment Tax Returns: US and State/Related Work Papers	5 years
Withholding Tax Returns: US and State/Related Work Papers	5 years
Withholding Tax Statements	5 years