DEALER POINT

Official Publication of the Wisconsin Automobile & Truck Dealers Association | 1928-2018 | Volume 48 Winter 2018

MIKE SHANNON
2018 WATDA Chairman

TIM WEGGE
2018 RVDA Chairman

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A publication of the Wisconsin Automobile & Truck Dealers Association focusing on the human side of the membership and trade.

Our Mission:
The Wisconsin Automobile & Truck Dealers Association, an organization of licensed dealers of new and used motor vehicles, is dedicated to advancing the common good of its members, consumers and their communities by promoting professionalism and prosperity through education, advocacy, information and service.

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FEATURE

DEPARTMENTS

A LEADER IN POSITIVITY MIKE SHANNON, WATDA 2018 CHAIRMAN

BY CHRYSTE MADSEN

When we interviewed Mike Shannon in 2015 as he was named Wisconsin's nominee for the TIME Quality Dealer of the Year, a quote he gave us stuck with us. He said, "I've never met a negative person who was successful." Mike lives what he speaks and proved it as he represented his peers in San Francisco and came away as Wisconsin's first Midwest Regional TMQDA Winner; the accolade based on his excellent credentials of outstanding business acumen, passionate philanthropy and Association support. Mike was one of the top four…one step from winning it all. We asked Mike what had been going through his mind as they announced his name that day. He replied, "It was an extremely humbling experience. There were a lot of very qualified dealers on the stage that day and I was just proud to be representing Wisconsin and WATDA." All who know Mike know he is a very humble gentleman who never seeks the spotlight. However, with his incredible attitude the spotlight frequently finds him, and in San Francisco it most deservedly did.

Now it's our pleasure to introduce Mike as our WATDA Chairman of the Board for 2018. We were pleased to catch up with him to find out what's new in his life since our last visit.

We must start with the Holiday campus of dealerships in Fond du Lac containing the Chevrolet, Buick, GMC, Cadillac, Ford and Mazda franchises. It was over 45 years ago that Mike, the newly-minted insurance salesman, had that fateful meeting with Holiday Oldsmobile owner, Bill Gores. To the chagrin of the insurance industry, not a policy was sold by Mike Shannon, but a lifetime passion for our industry quickly emerged. Eventually Bill Gores was bought out, as were two of Mike's long-term partners and the Holiday Automotive experience continues to thrive today under Mike's watchful eye at the corners of Hwy 41 and 23.

Today the Mazda store is realizing a complete re-build and will soon be bigger and better than ever. The Holiday BDC (Business Development Center) has flourished in the past couple of years as it moved from the former location in the Mazda building to double in physical size and increased employees. Rebecca Johnson, Director of the BDC, stated the number of employees covering the inbound service calls increased from one to five. "Mike built this business on exceptional customer service and increasing the service BDC staff took our customer service to a new level," stated Johnson. She continued, "Customers get connected to a live person right away and service advisors are free to ensure great customer service in the service lane."

Another positive change has been the addition of Thor Gilbertson to the staff. Thor, company President, with his years of experience in our industry and his own positive attitude, meshes well with the Holiday culture. Bill Agnew, long-time Vice President & GSM, said "Thor has been instrumental in taking the Holiday core values we branded and turning them into teachable traits." "Thor," Mike added, "has been a very good fit for the Fond du Lac community, as well."

Mike's ability to create, capture and instill the culture of the Holiday experience in the employees escapes words of description. With apologies to Disney we will deem them "magical", for they are. Yes, there are many long-term employees on board at Holiday; there are also many family members, but, as you will see, the Holiday culture is just as alluring to Millennials as to the 25-year veterans. Why is it that this culture works so well?

Thor explained Mike's commitment to the customer experience. "Mike Shannon's focus on turning customers into fans is contagious. The team at Holiday relishes delivering great experiences in a fun and positive way. It is what we call being 'Holiday Automotivated'."

Bill Agnew, who has been with Holiday for a very successful 25 years, talks about Mike creating the Holiday culture. "The customer is at the center of everything he does. It's how he sets his watch," Bill said. "Mike is still a salesperson at heart. He still knows what it's like and shows respect for those who are on the floor." Bill continued, "I believe we succeed, too, because of Mike's honesty. He's very good about offering constructive criticism, to bring about the change he wants, without allowing it to be personal. It's easy to respect him and he's a great role model." "It's fun," Bill said, "to be a part of something that's going places!"

Kris Hettenhaus, an elite product specialist at the GM store, recalled how she came to work for Mike after working at another dealership. She came to Holiday as a BDC specialist and four years ago she moved into sales. Last year Kris was named the top salesperson at the GM store. She enthusiastically explained how much she enjoyed working for the Shannon family and what a strong moral compass the family has. She went on to talk about how Mike supplied the necessary tools for all employees and then it was up to each of them to make the difference. As we visited a bit longer, Kris divulged that, in the past, her husband had suffered a life-threatening accident and she was needed at home to help him recover. She recounted how, when it happened, almost simultaneously Mike and Thor sent her messages telling her to be with her family and not to worry about work but to be a wife, a mother and a nurse. As if that wasn't enough, Mike would show up at her door weekly with groceries for her family. She continued to tearfully recount how she was supported in every way during that difficult time and what it meant to her and her family. As she alluded to, the moral compass and heart of the Shannon family is the true center of its culture.

Holiday can even boast of a customer becoming so enthralled with the culture that she became an employee because of it, something rather rare in our industry. Taylor Simons set out to buy her first car and hadn't been pleased with how she, as a college student, was being treated. She was attending Marian University in Fond du Lac and decided to call Holiday. She said she bought her car from Holiday because she was treated with respect, her questions were answered, and the experience was fun. She told her salesperson to let her know if a greeter position (or as Mike prefers to refer to it, "Director of First Impressions") became available. Within a couple of weeks, she was a Holiday employee. Taylor Simons has not looked back. She has now held six positions on campus. She advanced from the greeter position to an internship and it wouldn't stop there. She credits Mike's interest in her personally and the way he cares about his customers with her desire to stay. Taylor worked in the BDC where she learned the "behind the scenes" aspects and the Monday after graduating from college found her selling cars at Holiday Ford. She is now beginning her dream job of working in F & I and loving what she does. "Mike has been a huge inspiration to me.... It is wonderful to work for a company that really does care for its customers, but (for) its employees as well. It's great to work for someone who is family-oriented because it shows


Taylor Simons.


The Shannon Family.

on campus…. As soon as you walk in, you feel the energy of this team that I am so blessed to be a part of. Holiday is my second family. I probably spend more time at work than I do at home, but I love what I do, and I love the people I work with. I have always had a passion to work hard and to see Mike build his business by making sure the customer is always taken care of has been one of the many reasons why I want to have my career continue at Holiday." When the care is genuine, people know it.

After 45 years of six days a week and very long hours, Mike finally decided that some winter time spent with his wonderful wife of 44 years, Rita, in Scottsdale, AZ, might not be a bad idea. Mike credits his management team with making it easier for him to get away. Truth be known, however, that management team will tell you that Mike's hand, no matter what state or country he may inhabit, still touches every aspect of the Holiday experience daily…and not because Mike feels no one else is qualified to do the job. No, rather because his business is his passion and in a good way. Rita explains it well; "After 44 years of marriage, Mike is the same person he has always been; dedicated and focused to his business, employees, customers and family. Like most successful car dealers, he has worked diligently to achieve success. I admire and respect Mike and his positive attitude. Everyday he is excited to go to work. I have always enjoyed the car business and some of our dearest friends are in this great business. Mike loves our family dearly and spends quality time with our (4) children and 13 grandchildren. I am thankful for the role model he is to our family and friends."

There have been some interesting trips for the family in the past few years. A couple of summers have been spent at a dude ranch in Idaho where the Shannon family bonded on a working horse ranch. But not all that family time was spent "duding" at Red Horse Mountain Ranch. About an hours' drive from the ranch is the town of Kellogg, Idaho, home of the Dave Smith Motors, known for having more cars on their lot than people in town and being among the earliest to make use of the internet as a sales tool. Michael, Jr., daughter Stephanie and Tony Mathos (daughter Katie's husband and Holiday F & I Director) along with Mike, Sr. (do you sense the family involvement in the business here?) spent several hours with Dave Smith's daughter who kindly gave them an in-depth tour of their operation. Mike said, "This was very interesting for us as they are a very customer and team member focused company much like ours." He added with a laugh, "I guess I'm like a mailman going for a walk on my day off."

Summers see the Shannon clan gathering on the shores of Silver Lake in Wautoma. Both Mike and Rita, in all our meetings, reiterate how blessed they feel to have such a wonderful family. As we mentioned a few times, several are active in the dealerships. Tony Mathos, married to daughter Katie, works in F & I, daughter Stephanie has stepped back from the dealership for a while to care for their five children while husband Dean is now employed as a Product Specialist/Sales Manager at the GM store. Dean, who has been with Holiday for three years now, said he feels he made the right decision because of the culture at Holiday. The reputation of the store is so high it just feels right. As for what it's like to work for family, well, Dean says you need to do your job…and maybe a little more, but he loves it. Michael, Jr. has now completed NADA Dealer Academy, loves the contacts he made there and acts as VP and Pre-Owned Manager. And daughter Nikki, lives in San Francisco with her husband and children and is a former Zone Manager for Ford. To say that the Shannon's have contributed to our industry may be a bit of an understatement.

What you don't hear from the Shannon family is all that takes place as they quietly continue their practice of giving back to their community and area. There is so much they do for their community, so much they give back that the public will never be aware of. Mike told us in our last interview of how meaningful it was for him to serve on the board of St. Mary Springs Academy as they merged two Catholic school systems together to make ready a new Pre-K to grade 12 school. What he didn't mention was the huge monetary donation the Shannon's had committed to the new school. When you ask Mike about the school today, he is most excited that the school is now educating eight of their grandchildren. Fond du Lac is blessed to have such generous and humble good hearts among their citizens.

So, it was nice to see Mike and Rita publicly honored with the prestigious James C. Hubbard Windy Award by the Thelma Sadoff Center for the Arts this past year. This award goes to those who make a positive impact on the arts in the Fond du Lac community. "It's been heartwarming for us to have witnessed the ongoing growth and appreciation for the arts in the community. Now, to have this special place serving as a hub and showcase for so many worthwhile endeavors and to have had the pleasure of knowing Thelma Sadoff, for whom it is named, makes it even more special," said Rita Shannon.

Whatever Mike Shannon does, he does whole-heartedly, as he will as our Chairman this year. It's fitting for us to conclude this article with Mike's message to all of his WATDA peers, along with our thanks for all he's done for our industry, our state and our WATDA:

Dear WATDA Members,

I am excited and honored to be chairing our WATDA board this year. Having been selling cars for the past 45 years I, just like most of you, am always looking forward to new challenges. Change has always been a part of this great industry of ours. The past few years has seen very rapid changes for us as dealers and for our manufacturing partners. This type of change is only going to accelerate in the years to come. For these reasons it's crucial to be a member of our state association. In fact, there has never been a better time to get involved and become active in WATDA.

We have a franchise system here in Wisconsin that has served the automotive consumers exceptionally well for decades. It's our job as dealers, along with the support of WATDA and along with NADA, to preserve this distribution network for future generations.

Our threats are many today and we all must do our part to inform our legislators that we the local dealers are the only ones that can take care of consumers the way they deserve to be cared for.

Nobody can convince me that the manufacturer will ever be able to duplicate the high level of care each of us deliver every-day in Wisconsin. The Automotive franchise and independent retailers give their stomach lining year in and year out serving the citizens of our great state. To me our biggest threat in 2018 lies with some of our own manufacturing partners wanting to become the direct distribution channel to the consumer along with other manufacturers lobbying our state to bypass us and sell directly to consumers.

Another challenge facing us all is fair reimbursement for warranty services performed. General Motors is currently in a lawsuit with approximately 12 of its dealers challenging the state law on retail reimbursement. The outcome of this lawsuit will set precedent for all our franchises.

These are some of the things I'm most concerned about going into this year. We have a very strong board along with Bill Sepic, Chris Snyder and their entire team at WATDA that is passionate and committed to preserving our industry for both the franchised and the independent dealers as well. Please feel free to reach out to any of us at any time with your concerns."

Regards,
Mike Shannon, Sr.

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TRAVELING NEW ROADS – RVDA 2018 CHAIRMAN

BY CHRYSTE MADSEN

Through its long history, WATDA has been fortunate to have high caliber members with great leadership skills. This is again exemplified as we introduce you to Tim Wegge, the 2018 Chairman of RVDA, the Recreational Vehicle Dealers Association, and long-time WATDA member.

WATDA has several motorized RV dealers as members. For many years they were members by means of a used car license until we changed our by-laws to include RV dealers along with our auto, truck and motorcycle dealers.

It is a great, and well deserved, honor to have Tim leading the National RV Association. In the 1990s Tim served on RVDA's Board and, at that time, was asked to consider continuing on the path to the become Chairman. Due to family commitments Tim declined the opportunity but promised to return. True to his word, he returned for his second stint and has now been tapped to share his talents.

Speaking to his RV peers in the *RV Executive Today* magazine, Tim said:

> "For those of you who don't know me, I represent the second generation at Burlington RV. I've grown up in and around camping since I was five years old and have worked in every capacity in our store, just like many of you."

> "Running an RV dealership has provided a good living for me, my family, and our employees, but the consistent part of it all has been the joy we experience serving God by providing families the opportunity to enjoy time together and make enduring memories through the use of a recreation vehicle."

> "To those (on the RVDA Board) with whom I've served on various committees and perhaps debated with, everything I learned from you has helped prepare me for this new role. I look forward to representing, collaborating, and working with you over the next 12 months."

As Tim said, he is a second-generation RV dealer. The Wegge family, with their five children, first discovered their love of camping in the 60s. Tim's father wisely decided since they loved camping so much, others must share that feeling and, while continuing to sell grave markers, his current profession, Mr. Wegge established Burlington Camping and LP Gas Service. The business evolved from rentals to sales and they were on their way!

During this time, Tim finished his college education and worked for other businesses until 1988 when his father began to consider retirement. From 1989 to 2006, as Burlington Camping and Travel, they experienced strong growth and out-

Tim and Brenda Wegge

Tim understands the importance of working together as a group, especially to get things done legislatively, which explains his strong support and appreciation of WATDA.

Photos: Top: Wegge and Kay Loar, Receptionist/Sales Coordinator. Bottom: Josh Winkler, Detail Supervisor.

grew their facilities. Tim realized the necessity of the internet and the importance of location. When located in Burlington there were back country roads to navigate to their location. When they had the opportunity to build in a spot just off I-94 in Sturtevant it was the ideal location. They retained the Jayco franchise in Burlington and opened the magnificent Burlington RV Superstore in Sturtevant in 2006.

Then came 2007. Tim explained he learned from his father and his own experience that their industry tends to be hit first in a recession… and they saw it coming. Tim made many difficult decisions including selling off the Class A motorhomes and tightening the belt wherever they could. The group was fortunate to be able to close the Jayco location and sell the land in Burlington to raise capital, but, as we are all aware, the recession did major damage to everyone. Because of the kind of people the Wegge family consists of, the emotional toll that period created and how it disrupted their valued employee's lives makes it difficult for him to speak of even today. On the flip side, because of Tim's business acumen, the business emerged intact and is realizing continued, stable growth today. As Tim says, "the ordeal of the recession is seared in our memories. It made us much more cautious…It was devastating, but I think it made me a better, stronger, dealer."

With Foxconn's $10 billion investment and promise of up to 13,000 new jobs in the area only two miles from the RV dealership, Tim is very optimistic about the future and says some of the positive residual fallout from the technology giants' presence is already being felt. As for what his future buyer looks like in addition to good disposable income, Tim says, "Although the Baby Boomers are aging, they still have a significant effect on our sales. And the Millennials are having an effect — look at the RV industry's product mix today versus 10 years ago. Younger people are buying smaller units, and the products coming out of Elkhart are aimed at them. Manufacturers are developing products that appeal to them, with lots of electronics the older generation wasn't necessarily looking for."

Tim's goals in his year as Chair of RVDA are to speed up parts deliveries which in the RV industry have been historically slow and improving service repair times. These differ greatly from the auto industry and threaten to lose RV customers should it continue, especially younger people. Tim said, "Some RV owners have a short window of opportunity to use their RV's, so they get really ticked off by the long turn around." Tim's well-trained technicians and massive service facility attest to his personal commitment to this effort.

Tim understands the importance of working together as a group, especially to get things done legislatively, which explains his strong support and appreciation of WATDA. When asked how he views our two industries he said, "In structure we are both the same, high ticket sales. The RV industry, however, is under a handicap as towables are not subject to the protection of franchise laws, something only our motorized units enjoy." Because of this, Tim has been part of the effort to form an Association for towables, while wishing they, too, could be included in the legislative efforts of WATDA. "The auto, truck and motorcycle industry does not have this issue to contend with," Tim said. "But," he continued, "we should embrace our diversity as we embrace our sameness and learn from each other. RVDA is growing rapidly. It is a strong and active Association made up of highly educated individuals, as is WATDA. Both organizations represent strong and vibrant industries and I'm proud to be a part of both." ●

CenterStage

AWARDS, HONORS, MILESTONES

Homan Celebrates Grand Opening with Packers

Homan Automotive in Waupun recently celebrated the grand opening of their Chrysler dealership in Ripon with two Green Bay Packer players arriving to sign autographs. Running backs, Ty Montgomery and Jamaal Williams signed for a packed house of fans back in December.

Brickners Awarded Mark of Distinction

Fiat Chrysler Automobiles announced their Mark of Distinction dealer awards in New York City on December 5; honoring 200 of their 2,600 dealers across the country. Brickner Family Auto Group dealerships in Antigo, Little Chicago and Merrill were among those awarded for top marks in customer sales and service satisfaction, "fix it right the first time" scores, exceeding sales volume along with numerous other facility and staff training requirements.

Toyota of LaCrosse Supports Playground for All Abilities

Toyota of LaCrosse Cares Campaign donated $2,380 to the LaCrosse Area Autism Foundation which will use the money for its Trane Park Project. The money is raised by donations of $20 for each vehicle sold in 2017 to a designated nonprofit selected by employees. The Trane Park Project involves installing several playground structures that will encourage different activities for people of all abilities.

Bell-Ringing Success

In an effort to encourage other area businesses to support the Salvation Army, Rhinelander GM-Toyota staff raised and matched a $517 donation during their bell ringing shift. Participating were marketing coordinator Tarsie Goes and digital marketing specialist Miranda Gavrilescu.

Van Horn CDJR #1

Van Horn Chrysler Dodge Jeep Ram Fiat of Plymouth has achieved status as the number one FCA dealer for new car sales in Wisconsin and the number one RAM dealer in the Midwest. Van Horn Auto Group opened a dedicated Truck center in 2016 with RAM experts to serve truck buyers; the dedicated location has proved successful.

Brickner Family Matching Grant for River Bend Trail

Jim & Maria Brickner of Brickners Park City CDJR, Merrill presented a check for $1,000 along with a matching grant from the Foundation of WATDA to Sarah Williams of the River District Development Foundation for the River Bend Trail. This is the third time since the inception of the trail that the Brickners and Foundation have donated.

Truckers for Tots

Jon and Tom Vandehey, owners of Mid-State Truck Service, teamed up with some of their trucking industry business partners and suppliers to sponsor Truckers for Tots for the tenth year. A total of $32,500 worth of new toys were donated to the Marine Corps Toys for Tots organizations in Wausau, Stevens Point, Marshfield and Chippewa Falls.

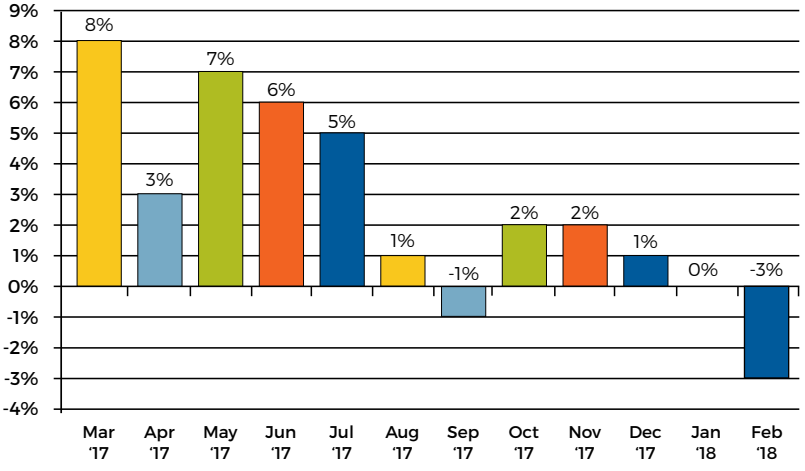
Please submit your awards, honors and milestones to: jfarmer@watda.org

New Vehicle Sales Trends

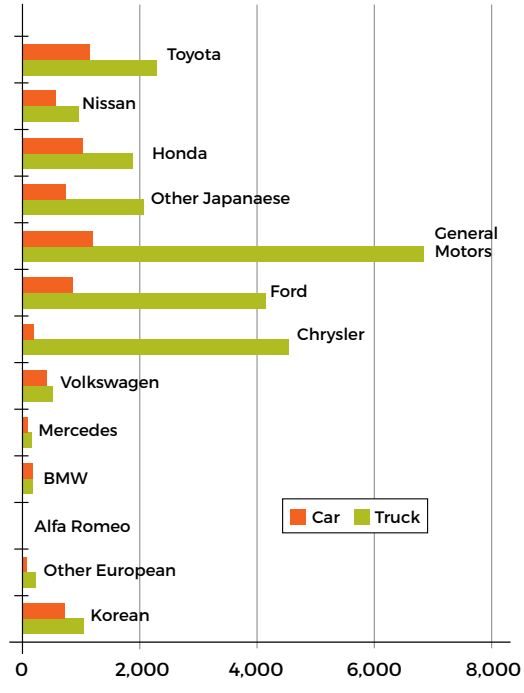
Wisconsin New Vehicle Trends: February 2018

	Previous Two Months			Year to Date			Year to Date Market Share		
	1/17 -2/17	1/18 -2/18	% change	'17 YTD	'18 YTD	% change	'17 YTD	'18 YTD	change
Industry Total	32,369	32,009	-1.1%	32,369	32,009	-1.1%	100.0%	99.9%	-0.1%
Car	8,557	7,177	-16.1%	8,557	7,177	-16.1%	26.4%	22.4%	-4.0%
Truck	23,812	24,832	4.3%	23,812	24,832	4.3%	73.6%	77.5%	3.9%
Japanese	10,979	10,681	-2.7%	10,979	10,681	-2.7%	34.0%	33.4%	-0.6%
Toyota	3,578	3,428	-4.2%	3,578	3,428	-4.2%	11.1%	10.7%	-0.4%
Honda	3,009	2,914	-3.2%	3,009	2,914	-3.2%	9.3%	9.1%	-0.2%
Nissan	1,681	1,526	-9.2%	1,681	1,526	-9.2%	5.2%	4.8%	-0.4%
Other	2,711	2,813	3.8%	2,711	2,813	3.8%	8.4%	8.8%	0.4%
Domestic	17,849	17,781	-0.4%	17,849	17,781	-0.4%	55.2%	55.5%	0.3%
General Motors	7,573	8,045	6.2%	7,573	8,045	6.2%	23.4%	25.1%	1.7%
Ford	5,653	4,991	-11.7%	5,653	4,991	-11.7%	17.5%	15.6%	-1.9%
Chrysler	4,623	4,745	2.6%	4,623	4,745	2.6%	14.3%	14.8%	0.5%
European	1,854	1,773	-4.4%	1,854	1,773	-4.4%	5.8%	5.6%	-0.2%
Volkswagen	991	884	-10.8%	991	884	-10.8%	3.1%	2.8%	-0.3%
BMW	308	358	16.2%	308	358	16.2%	1.0%	1.1%	0.1%
Mercedes	263	226	-14.1%	263	226	-14.1%	0.8%	0.7%	-0.1%
Other	292	305	4.5%	292	305	4.5%	0.9%	1.0%	0.1%
Korean	1,687	1,774	5.2%	1,687	1,774	5.2%	5.2%	5.5%	0.3%
Other	1,687	1,774	5.2%	1,687	1,774	5.2%	5.2%	5.5%	0.3%

3 Month % Change – and view annual trend. Compares most recent 90 days vs. same 90-day period from last year.



YTD Registrations by Vehicle Type.



February Trend Report from Scott Quimby

NADA Director's Report

BY BOB HUDSON

Consumer Finance Protection Bureau

To answer the question on everyone's mind about the CFPB's director's replacement, the short answer is: NO ONE KNOWS!

There's a very confusing, bureaucratic mess playing out right now at the Consumer Financial Protection Bureau.

The issue started on Friday, November 24th when the CFPB's director, Richard Cordray, abruptly stepped down from the position. One of the last acts of exercising his self-realizing awesome powers of omnipotence, he appointed Leandra English, a veteran of the agency, as deputy director. Cordray explained in a letter that the appointment meant she would be the CFPB's acting director under the law that created the agency.

However, the President, Donald Trump, disagreed. And so have the courts.

Citing a separate federal law, he asserted that he had the authority to install his own acting director of the agency. So, he appointed the sitting Director of the Office of Management and Budget, Mick Mulvaney (an outspoken critic of the CFPB) to oversee the day to day operations of the agency until our President appoints a new director and that director is approved by the Senate.

- **Direct Quote:** *"Stair-step programs can increase sales volume in the SHORT RUN while simultaneously decreasing demand…OEMs who use stair-steps **aggressively** risk damaging their brands in the LONG RUN…"*
- "The OEM'S, through their coercive use of stair-step programs keep their dealers in a state of perpetual anxiety.
- **Basic Equation:** Confusing Discounts = lack of transparency = lack of loyalty = lower demand for our brands. Furthermore, and a lack of trust between the dealers and our and our respective manufacturers.
- NADA is in the process of meeting with all manufacturers for the latest rounds of our Dealer Attitude Survey presentations. We are sharing the results of this study with OEMs.
- We've been explaining how this critical report illustrates the month-to-month unpredictability in revenue and cash flow, increases employee turnover and the wasted time and resources for managing these OEM stair-step programs.
- There are a lot of other aspects NADA will be going over: including what happens to *residual values* and what happens *to used vehicle prices;* along with *consumer satisfaction* among brands.
- We are truly hoping for constructive talks now and into the future.

"Stair-step programs can increase sales volume in the SHORT RUN while simultaneously decreasing demand…OEMs who use stair-steps aggressively risk damaging their brands in the LONG RUN…"

The Analysis Group Study

One of the more tenuous issues for dealers is the intended or unintended (depending on your market positioning) destructive forces associated with stair-step programs. To gather as much unbiased information about how these programs work and their effect on the industry, NADA commissioned the Analysis Group, to conduct a study looking at the effects of stair-step programs. Here are some of the results:

- NADA took a poll: **74 percent** of dealers are **opposed** to stair-step payment programs.
- The bottom line is that unfair OEM market strategies—like indiscriminate price coupons and stair-steps—get in the way of our business.
- The data showed that, over time, if consumers lacked commitment to a brand—and they do not trust a brand due to suspicious or unexplained differences in prices, then they will not be as loyal with future purchases of that brand.

2018 NADA Show

- Finally, I hope you all have plans to be in Las Vegas in March for the annual NADA Convention – **which has been re-named the NADA Show!** It runs from March 22-25.
- NADA offers a new, streamlined schedule. The general sessions, the "Make meetings" and the workshops, along with the ATD Expo, will be held at the Westgate Las Vegas Resort & Casino.
- Let's celebrate a year of hard work together, in Las Vegas… **please** try to attend! If you do attend, plan on joining me at the WATDA "Badger Bloody Mary Bar" on Saturday, March 24, 10 a.m. – Noon, at the Las Vegas Country Club. It is right next to the Convention Center at 3000 Joe W. Brown Drive. RSVP appreciated; jfarmer@watda.org.

NADA Dealership Workforce Study

Participation Window: December 20, 2017-April 30, 2018. The annual Dealership Workforce Study takes a hard look at your most valuable resource: your employees. Are you paying them competitively? Are your benefit packages in line with your peers'? Is turnover a problem, or is it par for the course?

These are just a few of the questions the Workforce Study asks every year. Though the answers will vary for each new-car and –truck dealer, to find your answers, you have to participate. Participation is free. In return for your participation, we provide complimentary custom reports comparing your data to your peers', plus the overall analysis found in the national and regional trends report.

Go to **NADAworkforcestudy.com** now to enroll. Use this Member (Company) ID: 331119177

Questions? Call Dorenda Fisher at 703.556.8583 or email WorkforceStudy@nada.org

2018 WATDA Seminar Schedule

Seminar	Date	Location	Facility
LVS	5/15	Eau Claire	Best Western Plus
LVS	5/16	Neenah	Best Western Bridgewood
LVS/LVL	5/22	Madison	Noah's Event Center
LVS/LVL	5/23	Pewaukee	Country Springs
Title & Registration/CVR User Group	8/16	Eau Claire	Best Western Plus
Title & Registration/CVR User Group	8/21	Madison	Holiday Inn American Parkway
Title & Registration/CVR User Group	8/22	Neenah	Best Western Bridgewood
Title & Registration/CVR User Group	8/23	Pewaukee	Country Springs
F & I Conference	10/18	Pewaukee	Country Springs
F & I Conference	10/24	WI Dells	Wilderness Conference Center

From Around the State

Please send your news From Around the State to jfarmer@watda.org

Russ Darrow Nissan of West Bend

Russ Darrow Group recently opened a Nissan dealership in West Bend, the city where to dealership group began over fifty years ago. The dealership features an "all inside" service lane and department for inclement weather, two express lube lanes, and eight service stalls. There are electric vehicle charging stations and a children's lounge. In announcing the new dealership, Mike Darrow, President and Chief Operating Officer, reiterated the company's commitment to the local community, as the majority of the employees reside in Washington County. "We are local residents serving the people of this community, the place we all call home," Darrow said.

All World Ford, Inc. has purchased Mike Murphy Ford

All World Ford, Inc. has purchased Mike Murphy Ford, Hortonville from Terry Dufrane, president/dealer principal. The ownership group includes president/dealer principal Stu Winarski. All World Ford Inc. will begin construction of a new, 50,000 sq. ft. building in April on State 15 in Greenville featuring a 17-bay service department, body shop, quick lube, two-story showroom, touchless car wash and children's playroom. It's expected to open in late fall. Existing employees will stay with the organization, and Dufrane will stay as parts and service director, also having active sales role. Rick Karcz is general manager. They expect to add up to forty new jobs with the move.

Ballweg Automotive has acquired the former Heinz Toyota

Ballweg Automotive has acquired the former Heinz Toyota in Mankato, MN; the groups sixth dealership; -third Toyota franchise joining Ballweg Chevrolet Buick in Sauk City, Toyota of LaCrosse and Toyota of Wausau, Mercedes Benz in MN and Audi Kirkwood in MS.

Gross Auto Group is expanding operations

Construction is underway for a new Gross Chrysler Dodge Jeep Ram dealership in Black River Falls, where they also have a Chevrolet, Buick GMC operation. The manufacturer contacted the Gross operation to offer the franchise in the area. They also plan to construct a new Ford dealership, with the franchise acquired from Jensen Motors in Spencer. The new Ford dealership will be constructed in Neillsville, in the vicinity of the existing GM location; with a service center remaining in Spencer as well, offering local servicing opportunities and regional purchasing choices. The Gross Auto Group also has a Buick dealership in Marshfield.

Minocqua is home to a new Lenz Truck Center

Minoqua is home to a new Lenz Truck Center that opened January 2, 2018. This is the second location for Lenz, who began their operations in Fond du Lac. The dealership service department has nine bays; two for quick lube and one for alignment; and currently has twenty-one employees and are looking to add more. Scott Williams of St. Germain will have responsibility for operations, parts, service and detailing.

WISCO Show

BY JOHN HACKMAN

WISCO exists with the sole purpose of saving our members money on their purchases. Dealership owners know the more their managers purchase from WISCO the more their dealership saves money. I have been asked by owners "John how do I get my managers to purchase more from WISCO?" My first response to them is send them to the WISCO Show, and better yet, if possible attend with them. What better way to see what WISCO offers than the WISCO Show? One of our biggest challenges in saving our membership money on their purchases is educating them on all the products and programs we have available. We have our field rep visit your managers, we do mailings with new products and specials, the WISCO website has information, WISCO has a friendly staff waiting to answer your call, but nothing works as efficiently as the annual show. The 47th annual WISCO Show will be held on Saturday April 7, 2018 at the Kalahari Resort and Waterpark in Wisconsin Dells. Attendees will see our vendors' product offerings, new products, and will be able to take advantage of money saving specials. Many of our suppliers, including our major equipment manufacturers, have developed "WISCO Show Specials" on their products. Often these specials yield the year's best pricing available anywhere on these products. This should be of particular interest for items seen at the NADA Show in Las Vegas. Look to your Co-op to save money on these items.

The show weekend is a good blend of business and fun for our members and their spouses, especially at such an excellent venue as the Kalahari.

There will be up to 80 vendor booths to browse at the WISCO Show which runs 9:00-4:30 on Saturday. Door prizes will be given out throughout the day. Saturday night will start with a cocktail reception followed by a dinner and dance. We are very excited to have RPM as our entertainment. The combination of their great musical talents and unending energy will prove to be highly entertaining and a big hit with our attendees. The WISCO Show is, and always has been, free for our members. The only expense for attendees is the cost of their room if they stay overnight. You can register with WISCO for the show and room online. Go to wisco.com and click on the WISCO Show tab and enter the requested information.

The show weekend is a good blend of business and fun for our members and their spouses, especially at such an excellent venue as the Kalahari. We hope to see you along with your managers at this year's show. WISCO has reserved a block of rooms at the Kalahari with a special group show rate of $139 for a "Hut" (regular room) or $169 for a "Lodge" (suite type room). All rooms include waterpark passes to the Kalahari indoor waterpark. Phone number for reservations is 877-253-5466. Refer to the WISCO Show block of rooms group code 31522 for the special show rates. After March 7th these rates are subject to availability and are not guaranteed. Plan now to attend. You can save your dealership money and have an enjoyable weekend with your fellow WISCO members.

Also, our annual meeting and golf outing will be held on Tuesday June 26th at the Lake Arrowhead Country Club. Information will be sent out as it gets closer but keep the date open and plan to attend.

Active Shooter Straight-talk: Improve Your Chances of Survival

BY TED HAYES, CSP, MSE
SENIOR RISK MANAGER, M3 INSURANCE

Although the odds of being involved in an active shooter situation are low, such occurrences have become more common over the last 15 years, according to FBI statistics. Data also shows that more than 60 percent of active shooter incidents are over within five minutes. Knowing exactly what to do during this time could mean the difference between life and death for you and others.

Let's say you think you hear the sound of gunfire. First, if it sounds like gunfire, it *is* gunfire until proven otherwise. People can die when they try to confirm the crisis is real. So what should you do next? The following provides proven lifesaving strategies for an active shooter situation.

Your Three Basic Responses

Playing dead or freezing can get you killed. Be prepared to act, not react, so you can *move with purpose*. Active shooter situations can change quickly. You have only a few basic responses to choose from: **run, lockdown/barricade, and fight**. The best response plan enables you to change actions as the incident evolves.

Running = Strategically Creating Distance

Simply put, you run to flee the area and safely create distance between yourself and the shooter. Always run away from the sound of gunfire. If possible, retreat at 90 degree angles from the shooter by moving into perpendicular rooms, hallways, and doorways.

If you are in an open space with the shooter, use any large steel/concrete structure as cover that could stop the bullets. You may need to resort to concealment – e.g., drywall, bushes, hollow core doors – to protect you from the shooter's view. You are, however, still vulnerable to the bullets.

Once you've evacuated the immediate area, scatter from others and run until you are safe. Call 911 and be prepared to provide exact details about your location and the nature of your call.

Beyond Hiding: Lockdown/Barricade

If you hear gunshots and can't get out of the building, simply hiding under furniture will not protect you. You need to immediately lockdown or barricade the entry point to your space by using moveable large, heavy objects such as tables, desks, and filing cabinets. Keep the following points in mind once the space is locked-down or barricaded:

- Look for a secondary exit. Break a window and evacuate if you are able.
- Turn off the lights, silence cell phones, and keep calm and quiet.
- Don't huddle together.
- One person should assume the "defend your room" position by standing against the wall, two to three feet from the knob side of the door, and be ready to use an improvised weapon.

Fight to Stay Alive

The shooting could quickly move to your area. If no other option is available, find a distraction object to throw at the shooter's face. When he flinches, it's time to act once again, either running to evacuate, getting to a safer space, or attacking the shooter.

If engaging the shooter, find anything to use as a weapon – a stapler, extinguisher, laptop, your elbow, etc. Identify and attack trauma-susceptible targets such as the eyes, groin, knees, collarbone, abdomen, and neck/throat area. If possible, attack with numbers. One person should attempt to control the weapon arm to get it pointed in a safe direction. Another should go for the trauma-susceptible targets. Attack until the shooter is *completely* disabled.

When the weapon is disengaged from the shooter, remove it far away from him. But also remember this: **Do not have the weapon in your hand as you exit the building or when law enforcement enters the building.** That could lead to deadly consequences. When law enforcement enters the area, follow their orders and allow them to take command of the situation.

For more information about the resources available to you through M3, visit www.m3ins.com or call 800-272-2443. ●

Legal & Legislative Update

BY CHRIS SNYDER

MLA

By now you should be aware that on December 14, 2017, the Department of Defense (DOD) issued an interpretation of the Military Lending Act (MLA) that could have severe implications for all dealers who sell or have sold vehicles accompanied by financial protective products to members of U.S. armed forces.

According to the new interpretation of the MLA, if, as part of a vehicle financing transaction with a military consumer or his or her dependent ("Covered Borrower"), a creditor:

1. Extends financing for a credit-related product or service (such as GAP, Etch, Credit Life, or Credit Accident or Health products), or
2. Provides 'cash out' financing,

The creditor must comply with the full range of duties and restrictions imposed by the MLA. These are credit financing related products and does not extend to service contracts or products that provide benefits to the motor vehicle itself.

This interpretation is in effect as of December 14, 2017 and applies to all transactions since October 3, 2016. DOD issued its interpretation without notice or an opportunity to comment. As a result, NADA and other industry trade associations did not have a chance to explain (i) why they believe DOD's interpretation concerning credit-related products or services is inconsistent with the Military Lending Act, or (ii) how the DOD interpretation will harm military members and the dealers and auto lenders who serve them. NADA is working expeditiously with multiple federal agencies and members of Congress to address these issues.

In the meantime, dealers are on the hook to comply with these seemingly new and onerous provisions when extending credit services to active military personnel and their dependents (Covered Borrowers). Therefore, it is recommended that dealers avail themselves of a legal safe harbor by:

1. Running the customer's name and personal information through the following DOD website to determine the customer's status before offering the products: https://mla.dmdc.osd.mil/mla/#/home; or
2. Use a nationwide Credit Reporting Agency, or reseller of the CRA's reports, that provides an indicator or code on the report of all customers with active duty or active duty dependent status.

Please note that these safe harbor methods are only effective if the dealer timely creates and maintains a record of the search and the information that was discovered. Any customers that are revealed through the background check to be an active duty service member or dependent should not be offered GAP, Credit Life or Credit Accident & Health products.

Further, it is important to screen every customer through the methods listed above. Many Covered Borrowers may not even know that they have this designation, which is why simply asking the customer about their status is not sufficient to avoid liability under the MLA.

As stated above, NADA is actively working this issue for more clarification. WATDA urges all dealership personnel to keep an eye out for any updates coming from NADA and/or WATDA on this issue. In the meantime, Dealers should consult their own legal counsel for advice specific to their operations.

TAX REFORM

The House and Senate came together to pass, strictly on party line voting, a sweeping reform of the U.S. tax code, which last occurred over thirty years ago in 1986 under President Ronald Reagan. Passage of "The Tax Cuts and Jobs Act" gave President Trump his first major legislative victory eleven months into his term.

The legislation included a number of provisions important to franchised dealers, including allowing for 100% deductibility of interest expenses incurred for floorplan related debt and maintaining the $7,500 tax credit for the purchase of an electric vehicle.

The following is a general summary of some of the bill's provisions (provided courtesy of our friends of the Massachusetts State Automobile Dealers Association and their associate member Albin, Randall & Bennett). Certain provisions, such as the deduction for flow-through entity income, the limitation on business losses, and business interest expense limitations, are new and will require further guidance and analysis.

INDIVIDUALS:

TAX RATES: The current seven brackets (10%, 15%, 25%, 28%, 33%, 35%, and 39.6%) will be changed to 10%, 12%, 22%, 24%, 32%, 35%, and 37%. For married taxpayers filing jointly, the 12% bracket would begin at taxable income of $19,050, 22% at $77,400, 24% at $165,000, 32% at $315,000, 35% at $400,000, and 37% at $600,000. For unmarried individuals and married filing separately, the bracket thresholds will be half the thresholds for married taxpayers filing jointly, except the 37% bracket for unmarried individuals will begin at $500,000 instead of half of the joint amount, or $300,000.

MAXIMUM RATE ON CERTAIN BUSINESS INCOME OF INDIVIDUALS: Certain flow-through entity income will be treated as "business income" potentially eligible for a deduction equal to 20% of the qualified income. The deduction is subject to limitations based on the wages paid by and the original cost basis of qualified property placed in service by the qualified business. In general, flow-through income in excess of certain amounts from certain personal services busi-

nesses will not be eligible for the 20% deduction. The personal services businesses include the fields of health, law, consulting, athletics, financial services, brokerage services, investing and investment management trading, performing arts, or any trade or business where the principal asset is the reputation or skill of an individual. The deduction is not allowed in computing adjusted gross income but is allowed in computing taxable income, whether or not the taxpayer itemizes deductions. Further guidance and analysis will be required to determine how this provision will be applied. The bill creates new Code Section 461(l) in order to limit the amount of "excess business losses" an individual may deduct in a particular year. Excess business losses are carried forward to future years. Further guidance and analysis will be required to determine how this provision will be applied.

ENHANCED STANDARD DEDUCTION: Under the current law, an individual reduces adjusted gross income by any personal exemption deduction and either the applicable standard deduction or itemized deductions to determine taxable income. Under the bill, the standard deduction will be increased to $24,000 for joint filers and $12,000 for individual filers. Single filers with at least one qualifying child would claim a standard deduction of $18,000. The personal exemption will be eliminated.

DEDUCTIONS: The bill preserves deductions for charitable contributions, medical expenses, and teachers' classroom expenses, but makes significant changes to some popular individual deductions.

- Most notably, the bill limits annual itemized deductions for all nonbusiness state and local tax deductions, including property taxes, to $10,000. In order to stop any attempt to maximize state and local income tax deductions in 2017, the bill disallows a 2017 deduction for any prepayment of state and local income tax imposed for a year after 2017.
- The mortgage interest deduction will be retained; however, for home mortgage debt incurred after December 15, 2017, only interest on up to $750,000 of acquisition indebtedness will be deductible, a reduction from the current debt limit of $1.1 million. Mortgage interest on second homes will continue to be deductible, within the applicable debt limit amount; however, no deduction will be allowed for home equity debt.
- The bill repeals all miscellaneous itemized deductions subject to the 2% limit under current law. Moving expenses (except for some military service related moves) will no longer be deductible. Casualty losses will only be deductible if attributable to a Presidential declaration of disaster. The so-called Pease Limitation, which reduces itemized deductions for higher income individuals, will be repealed.
- Effective for divorce or separation instruments executed after December 31, 2018, the bill repeals the deduction for alimony payments and their inclusion in the recipient's income.

CHILD TAX CREDIT: The child tax credit will be increased to $2,000, and a credit of $500 will be allowed for qualifying dependents other than qualifying children. These credits will generally phase out to zero for higher income taxpayers.

HIGHER EDUCATION INCENTIVES: Unlike the House version of the bill, the final bill does not overhaul higher education tax credits available under current law, and preserves the student loan interest deduction, the U.S. Savings Bond interest exclusion, the exclusion for employer-provided education assistance programs, and the exclusion for graduate student tuition waivers; however, the "above the line" tuition and fees deduction will be repealed.

ALTERNATIVE MINIMUM TAX (AMT): The AMT for individuals is retained with higher AMT exemption amounts (and phase-out of the exemption starting at much higher income levels) than under current law.

RETIREMENT PLANS: The bill disallows a recharacterization of a Roth IRA into a Traditional IRA in order to unwind a Roth conversion; however, recharacterization is still permitted with respect to other Roth IRA contributions.

HEALTH INSURANCE: The bill repeals the Affordable Care Act's individual responsibility requirement, making the payment amount zero, for penalties assessed after 2018.

ESTATE AND GIFT TAX: The bill will double the lifetime gift and estate tax exemption after 2017, with no provisions for a later repeal of the tax or a reduction in the rate of tax.

BUSINESSES:

FLAT "C CORPORATION" INCOME TAX RATE: The bill will replace the current four-tier system with a single 21% tax rate. Personal service corporations will be subject to the same flat 21% tax rate.

ALTERNATIVE MINIMUM TAX (AMT): The AMT for corporations will be repealed.

INCREASED EXPENSING: The bill will allow 100% expensing of qualified property acquired and placed in service after September 27, 2017, and before January 1, 2023. Unlike the current bonus depreciation provisions, personal property is not required to be "new," only new to the taxpayer. For the first taxable year ending after September 27, 2017, the present-law 50% bonus depreciation allowance may be elected instead of the 100% allowance.

SECTION 179 EXPENSING: The bill will increase the Section 179 expensing limitation to $1 million for tax years beginning after 2017. The bill expands the definition of eligible property to include (1) tangible personal property used to furnish lodging and (2) qualified real property improvements to existing buildings for roofs, HVAC, fire alarm and security systems.

ACCOUNTING METHODS: The proposal will allow more businesses to use the cash method and completed contract methods of accounting for tax purposes. It will also expand exceptions to the so-called UNICAP rules of Section 263A.

NET OPERATING LOSSES (NOLs) & OTHER DEDUCTIONS ELIMINATED OR LIMITED: Effective for losses arising in taxable years after December 31, 2017, the bill eliminates carrybacks of most net operating losses and limits the amount of net operating loss that can be used in a particular year to 80% of taxable income. The bill will allow net operating losses to be carried forward indefinitely.

The bill subjects every business, regardless of its form, to a disallowance of a deduction for net interest expense in excess of 30% of the business's adjusted taxable income. The disallowance will be determined at the entity level. Adjusted taxable income is a business's taxable income computed without interest expense, interest income, net operating losses, and depreciation & amortization. Disallowed amounts will be carried forward indefinitely. Opportunities for members in a flow-through entity to utilize amounts disallowed at the entity level may exist. Businesses with less than $25 million of average gross receipts will be exempt from this interest expense disallowance, as will real property trades or businesses, and interest paid on vehicle floor plan financing. The bill repeals the domestic production activities deduction and generally eliminates deductions for entertainment, amusement, or recreation activities.

LIKE-KIND EXCHANGES: The bill will limit the tax deferral on a like-kind exchange to real estate transactions only.

BUSINESS AND ENERGY CREDITS: The bill will modify the credit for rehabilitation of qualified historic buildings. The bill creates a temporary credit in 2018 and 2019 for payments to employees in connection with a qualified written policy allowing for not less than two weeks of annual paid family and medical leave. The bill did not adopt any of the energy credit repeals or modifications proposed in the House version of the bill.

TESLA

A bill was recently introduced in a joint Assembly/Senate Transportation Committee that would allow manufacturers of solely electric vehicles to sell directly to the public. This would create another exception to the prohibition on factory stores in the Wisconsin Motor Vehicle Franchise law (section 218.0121 of the Wisconsin Statutes).

At the hearing, Tesla attorney Jonathan Chang told the state Assembly and Senate transportation committees during a packed public hearing on the bill that driving a Tesla requires dramatic changes in driving habits. Franchise dealers lack the knowledge to educate customers about how to use the cars' technology properly, he said, claiming they often tuck electric cars away in the corner and direct customers away from them.

"It's really a culture shift," Chang said. "Franchise dealers aren't able to sell these cars. Dealers aren't willing to invest that time. We're not here to overturn the franchise system. It sells internal combustion engines well. But the law shouldn't be used to block new companies from entering the free market."

Problem is, (as we see it) the Wisconsin factory store law already provides for an exception and process wherein manufacturers can sell direct, if they file for a hearing before the Department of Administration, Division of Hearings and Appeal and can show the administrative law judge that:

1) There is no prospective independent dealer available to own or operate the dealership;

2) In a manner consistent with the public interest, and;

3) That meets the reasonable standard and uniformly applied qualifications of the factory.

One would think that if Tesla's vehicles are truly that unique, thereby requiring a special knowledge and process to effectuate the "Tesla experience," coupled with their business model of exclusively factory owned stores in over 20 states, that they could convince an administrative law judge to award them the exception.

This is a much more practical solution, than blowing a hole in the franchise law that existing manufacturers will be able to drive all their electric vehicles through in the future. The bill, as written has the effect of wiping out a huge portion of these jobs over the course of the next ten years, because most manufacturers have plans to convert major portions, if not their entire fleets, to fully electric vehicles over the course of the next 10-15 years.

Below are a few examples of why this bill is unnecessary and will have a negative effect on Wisconsin-owned business, local jobs and Wisconsin consumers:

- The apparent intent of this bill appears to be for the benefit of one manufacturer. There is nothing unique about their product, other than they refuse to follow the current law;
- Wisconsin dealers are experienced at selling and servicing vehicles with all types of power sources (gas, diesel, electric, hybrid, compressed natural gas, propane, etc.);
- If this bill becomes law, it will facilitate the practice of manufacturers peeling off their electric vehicles from their existing company and creating a "new" franchise for their electric vehicle fleets (e.g. Hyundai – Genesis);
- As the motor vehicle market evolves many foreign automakers looking to enter the U.S. market. They will be able to use this provision to bypass local representation, resulting in Wisconsin consumers dealing with factory representatives residing in foreign countries to resolve issues. (e.g. Volvo, now owned by Geely – Chinese automaker has plans to convert all models to total electric by 2019);
- If manufacturers run stores, consumers get hurt because intra-brand pricing competition goes away, as do independent service departments to advocate for consumers regarding needed warranty repairs and other factory issues;
- This bill becomes law it will expose the state of Wisconsin to lawsuits by existing and new motor vehicle manufacturers for restraint of trade and equal protection, because the state is treating one company differently than all others;
- Wisconsin law already allows for manufacturers to sell direct to the public.

SURCHARGES

WATDA staff is currently working to pass a bill (AB 635 and SB 537) that would prohibit manufacturers from assessing surcharges on dealers as way to bully and punish their dealers for utilizing the Wisconsin law. Passage of the prohibition on surcharges bill is vital for all dealers. If manufacturers are allowed to surcharge dealers at will, it gives them a bully-stick that they can use with impunity to coerce and punish dealers who don't adhere to their every whim.

Currently, Nissan is assessing a surcharge on their dealers and GM has an open threat to select dealers and have promised to impose a surcharge on all their Wisconsin dealers if they lose the lawsuit with a group of those select dealers. We are waiting for a decision on that case (see "Lawsuit" below).

How did we get to this mess? In 2011, the Wisconsin legislature passed a bill, making some changes to the Wisconsin Motor Vehicle Franchise law. A provision in that bill pertained to the reimbursement formula that motor vehicle dealers receive from manufacturers for performing warranty repairs for that manufacturer. That provision was agreed upon by all parties prior to the legislation's introduction, and the formula is part of 27 other state's franchise laws. We had an anti-surcharge provision in that bill, but the manufacturers were able to convince the legislature to force us to take it out in order to get the bill passed. At the time there were two lawsuits regarding the constitutionality of anti-surcharge provisions ongoing, so the decision was somewhat palatable.

In April of 2015, the U.S. Court of Appeals for the Second Circuit held that statutory provisions prohibiting surcharges by motor vehicle manufacturers are constitutional and do not violate the Contracts Clause, dormant Commerce Clause or due process under the law. As a result, the Alliance of Automobile Manufacturers appealed this decision to the U.S. Supreme Court, and was denied certiorari, thereby rendering them a legitimate way for states to ensure that local businesses not be unfairly punished for exercising their rights under the law.

In late October of 2015, GM demanded that Wisconsin repeal the warranty reimbursement language that they had agreed to back in 2011 and have agreed to in other states subsequently. The 2015-16 legislative session ended without any change to the warranty reimbursement law.

In September of 2016, General Motors informed approximately 25 of their 144 Wisconsin dealerships that due to those dealers' election to be compensated for warranty work at the rate the statute allows, General Motors intended on assessing a surcharge in the amount of $389 per vehicle purchased by the dealer. Consequently 13 out of the 25 dealers joined together and filed a lawsuit in Federal Court for the Eastern District of Wisconsin in an attempt to prevent the Surcharge. Meanwhile, Wisconsin Nissan dealers were informed that they were going to be assessed a $75 per vehicle surcharge beginning September 1, 2017.

AB 635/SB 537, would prohibit manufacturers from assessing surcharges on Wisconsin businesses (motor vehicle dealers) as retaliation for utilizing the state statute. The prohibition is vital to prevent targeted increased sale price of vehicles and runaway repair costs to Wisconsin businesses and consumers.

Every state has a motor vehicle franchise law that regulates the relationship between manufacturers, dealers and consumers. There are currently 18 states that prohibit manufacturer's retaliatory surcharges and that number has been growing since the U.S. Supreme Court's decision confirming their legality. Wisconsin dealers need this provision to prevent manufacturers from unfairly penalizing them and Wisconsin consumers. The time to put a kibosh on surcharge is now, before we have numerous manufacturers deciding that they need to siphon more revenue out of their dealers.

LAWSUIT

As stated above, in October of 2016, thirteen Wisconsin GM dealers joined together to file a lawsuit against GM in an attempt to prevent GM from imposing a $389 surcharge on each new vehicle purchased. At the time of writing this article, we were still waiting for the court's decision. The issue that the court will be deciding is not whether a manufacturer can assess a surcharge, but whether they can charge only select dealers or their whole dealer body in each state. The existing case law would suggest that the court is going to hold that they must charge all dealers. In fact, GM indicated at the mediation hearing that they intended to do just that. ●

THE WAIT IS OVER

Beginning in February 2018, WisDOT will be issuing motor vehicle dealer plates formatted with an alpha character at the end of the plate number. As many of you will remember, dealer plates used to have an alpha character but it was removed when the plate was redesigned in 2010. After a yearlong effort, we successfully modified our databases to once again recognize and issue an alpha character on dealer plates.

The alpha suffix will make each plate number unique. This will make inventory tracking easier for your dealership, the DOT, and law enforcement. Additionally, law enforcement will be able to view ownership details for each dealer plate via the Department of Justice's TIME System.

The department will not be reissuing plates. Therefore, dealerships will have three options for their dealer plate inventory:

1. Replace all of your current numeric plates with alpha character plates. This can be done by submitting the MV2176, Additional or Replacement Plates Application (Dealers) form and a payment of $4 per replacement plate. Once you receive your new plates we request you send all old numeric plates to Hill Farms since they will no longer be valid.
2. Supplement your current numeric dealer plates with additional alpha plates. This can be done by submitting the MV2176, Additional or Replacement Plates Application (Dealers) form and a payment of $4 per replacement plate.
3. Do nothing. Your numeric plates will be valid as long as your dealer license remains valid.

If your dealership loses a numeric plate, or has it stolen in the future, we strongly encourage you to replace your entire plate inventory with alpha character plates to avoid any confusion with law enforcement.

If you have any questions about the new dealer plates please contact the Dealer Licensing Unit at 608-266-1425.

RAWHIDE

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IT'S IN THE GIVING THAT WE RECEIVE.

Invest in something bigger.

$492

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(not actual state average)

Consider donating your tax return to Rawhide. Rawhide inspires and equips youth and families with the tools necessary to profoundly transform and restore lives.

rawhide.org/support-our-work

Rawhide also accepts vehicles, motorcycles, boats, and real estate.

The Impact of Trust

BY CHRYSTE MADSEN

At the end of 2016, the long-standing WATDA Insurance Trust drew to a positive and a very impactful close. Rawhide was chosen as the recipient of the Trust's generous donation of a half million dollars to cover several needed projects at the Ranch. The primary portion, $300,000, of the gift was used for the new duplex which will house new staff and their families. In the past, it has been difficult to recruit and retain staff at the facility because of the lack of adequate housing. Another $100,000 is set aside as an endowment to maintain both the duplex and to upgrade the WATDA Carriage House. The remaining $100,000 is dedicated to operations.

Alan Loux, President and CEO of Rawhide stated, "WATDA has been an integral partner with Rawhide for over 30 years. Their generous gift from the WATDA Insurance Trust to fully fund a housing project that allows our staff to live affordably and close to their life changing work here is simply remarkable. We could not accomplish the successful changes of at-risk youth without the generous support and partnership of WATDA."

All the remaining Trustees and WATDA President and CEO, Bill Sepic, were on hand along with Rawhide officials in December of 2017 as the dedication of the new duplex took place.

Ron Boldt, longtime Trustee, was present as the ribbon cutting took place and had this to say, "Our partnership with Rawhide began over 30 years ago during my term as Chairman of WATDA. We, as the WATDA Insurance Trust Board, have always been so proud to be involved with this great organization impacting so many young lives. Personally, it meant a lot to be a part of the decision making possible this new project that's called the WATDA Trust House and to be here for the dedication."

Rawhide Boys Ranch, as most of you already know, is the decades long partner of the Wisconsin Auto & Truck Dealers Association and its' many members. The New London based facility for at-risk youth, founded in 1965 by John and Jan Gillespie has become a haven of stability for decades of young people who need a second chance. This is accomplished by teaching strength through moral values, stressing the importance of academics and helping the young men see the value of hard work, not to mention a great deal of caring and encouragement.

Initially, the Gillespie's had a difficult time getting established, but through Jan's urging, John called on Bart Starr, at the height of his career, to become involved. Both Bart and his wife, Cherry, threw their support and encouragement behind the project to give it the boost it needed. For decades the Starr's have continued to support the boys and Rawhide. Brett Favre, Aaron Rodgers and other prominent and caring individuals have also joined the cause.

WATDA became involved with Rawhide about 1978. WATDA officers Ron Boldt, Jerry Long, and then WATDA President Gary Williams joined Bart Starr in a moment memorialized in a photograph of the four high atop the Rawhide horses with cowboy hats raised to the skies signaling the beginning of a long and meaningful relationship. Dealers all over the state became drop off points for auto donations to the Ranch

Once the dealers' affiliation with Rawhide got underway, the idea came about of building a WATDA dormitory. Toward that purpose, WATDA members made an agreement to begin pooling all monies the WATDA donated cars earned into a fund with a $300,000 goal. A design for the house was agreed upon with the name WATDA Carriage House. The goal was reached and building was started in 1995. The building ended up being larger than originally planned and a Visitors' Center and Administrative Offices were added to the lower level while the upper level houses 12-16 boys and staff. Additional funds raised then went to operations.

L-R: Amanda Moore, Rawhide; Bill Sepic, WATDA President; Dave Brantmeier, WATDA Trust Board; Alan Loux, Rawhide CEO; Ron Boldt, Frank Porth and Don Larson, WATDA Trust Directors; Tre Waldren Rawhide

Residents of the Carriage House are in the About Face Service Corp, where youth must earn the right to participate. It is a military program involving community service activities and school attendance at the Starr Academy.

Do your part and contribute to this long and storied relationship with Rawhide Boys Ranch and keep in mind the thousands of lives affected for the better by its existence. Whether you are an Associate Member, Independent Member or Franchised Member not yet familiar with Rawhide, you will only be enriched to learn about the program…to learn about the boys.

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