

NEWS BULLETIN

Maine Automobile Dealers Association

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DISTRIBUTION

- General Manager
- Office Manager
- Parts Manager
- Sales Manager
- Service Manager

2008-6

NEW POSTER REQUIRED TO RECOGNIZE CHANGES TO FAMILY AND MEDICAL LEAVE ACT

In late January, President Bush signed into law the National Defense Authorization Act for 2008, which amended the Family and Medical Leave Act (FMLA) of 1993. Effective immediately, the amendment permits an eligible employee:

1. Who is the "spouse, son, daughter, parent, or next of kin of a covered service member" to take up to 26 work weeks of leave to care for a "member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness".
2. To take FMLA leave because of "any qualifying exigency (as the Secretary shall, by regulation, determine) arising out of the fact that the spouse, or a son, daughter, or parent of the employee is on active duty (or has been notified of an impending call or order to active duty) in the Armed Forces in support of a contingency operation".

Dealerships must put on display next to the Labor Law poster the enclosed (white paper) Department of Labor poster informing employees of these changes.

NEW LABOR LAW POSTERS

There have recently been several changes to federal and state labor laws, including the FMLA amendment described in the previous article. MADA will be receiving new all-in-one laminated labor law posters in the near future, for distribution to the membership. All MADA member dealerships will be provided copies. Therefore, you do **not** need to order notices from any other source.

CONVENTION BUSINESS SESSIONS TAKE SHAPE

Your Association's 2008 annual meeting and convention will feature educational workshops which address dealership profitability as well as a legal, legislative and regulatory update. As previously announced, this year's event is hosted by the Harborside Hotel and Marina in Bar Harbor over the weekend of June 27-29, 2008.

NADA's Dealership Operations department will present a mini-version of its very popular workshop entitled "Lifeline To Profits". This workshop has been extremely well-attended in all areas of the country, as it offers suggestions and methods for improving the profitability in all areas of dealership operations. This presentation will be made on Saturday morning, June 28.

Within Maine, there has been much activity related to laws and rules affecting dealership operations. Several items on the legal and regulatory list will extend through the Summer months. This workshop session includes discussion on the legality of sales to non - U.S. residents, potential revisions to the allowed use of dealer plates, the upcoming change in the fee associated with motor vehicle oil changes, the apparently permanent Dirigo Health tax, and more. Different parts of this agenda may be held Friday afternoon and Saturday morning.

We look forward to an enjoyable weekend filled with educational, recreational and social events. Make plans now to join your fellow dealers in Bar Harbor. Additional details, and registration materials, will be mailed to MADA members in the near future.

IRS ISSUES GUIDANCE ON DEALERSHIP COST SEGREGATION STUDIES

The IRS Director, Heavy Manufacturing and Transportation (HMT), has issued technical guidance to assist IRS field examiners in determining whether dealership cost segregation studies set forth the correct depreciation recovery period of different components of the dealership facility.

Cost segregation or building studies segregate facility components into different asset classes, which can result in some facility costs being depreciated over shorter periods (e.g., 5 or 7 years) rather than the traditional 39 years used for buildings and improvements. In September 2007, the IRS Acting Director, HMT, sent a letter to NADA requesting its comments on a draft chapter on auto dealership cost segregation studies that the IRS intended to add to its broader Cost Segregation Audit Technique Guide (ATG). In November 2007, NADA provided the IRS with comprehensive comments on the draft. After considering NADA's comments, the IRS Director, HMT, finalized the new chapter and incorporated it into the IRS Cost Segregation ATG. The new chapter on auto dealership cost segregation studies is available at:

www.irs.gov/businesses/article/0,,id=180233,00.html.

This is one of several recent federal tax developments impacting franchised dealers (others include the new LIFO safe harbor Vehicle Pool Method, the IRS's heightened focus on whether various tool plans meet Internal Revenue Code requirements, and developments in the IRS's approach to the uniform capitalization (UNICAP) requirements). All of these topics will be addressed by the IRS Motor Vehicle Technical Advisor at a NADA webinar scheduled May 8th from 1-3 p.m. EST. If you are interested in participating, please contact your MADA office.

The foregoing is offered for informational purposes only and is **not intended as legal advice**. Consult your tax practitioner for specific guidance on your compliance obligations under the Internal Revenue Code.

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2008-8

A/C TECHNICIANS MUST BE COMPLIANT WITH EPA RECYCLE REGULATIONS

As the warmer months arrive, so does repair work on vehicle air conditioner systems. The Environmental Protection Agency (EPA) is reminding dealers about complying with the agency's Air Conditioning Refrigerant Recycling Rule.

The EPA has increased its enforcement of the rule, and in the past has fined dealers across the country for alleged air conditioning refrigerant recycling violations. The Clean Air Act Amendments of 1990 require technicians who open refrigeration circuits in automotive air conditioning systems to be certified in refrigerant recovery and recycling procedures.

EPA Checking for Technician Certification - The EPA has focused on service departments where technicians lack certification cards. EPA officers will match technicians' photocopied certification cards against repair orders for the past three to four years to verify that a certified technician was doing A/C-related work.

Applying for A/C Technician Certification - Technicians need to obtain certification only once, but because of turnover, service managers need to be sure technicians doing A/C-related work are certified.

Equipment Must Also be Certified - In addition to properly training technicians, dealers are required to use approved recover/recycle equipment, and submit certification of equipment to EPA. Also, if there is a change in ownership, the new owner of the equipment must certify equipment to EPA within 30 days of the change of ownership.

NADA Guides Dealers in Coolant Recycling - NADA's *A Dealer Guide to the EPA Mobile Air Conditioning Coolant Recycling Regulation* contains the form required for certifying equipment. This Guide is available at www.nada.org by clicking "Publication", then "Management Education Catalog", then "Shop Now".

New Refrigerants to be Recycled - The EPA also requires service technicians to recycle HFC-134a and other non-ozone-depleting refrigerants. Any equipment used to recover and recycle HFC-134a from air conditioners must meet EPA standards and be tested by an approved laboratory. Technicians currently certified for CFC-12 systems are certified automatically to handle non-ozone-depleting chemicals.

Dealers Allowed to Buy and Sell Non-Ozone-Depleting Refrigerants - The EPA allows the sale of HFC-134a or any other non-ozone-depleting refrigerants, and anyone may purchase these refrigerants in any size container. However, CFC-12 in units under 20 lbs. are restricted from being sold to a person who is not A/C-certified.

**NADA DEALER OPERATIONS COMMENTARY
IMPROVING MIX IN THE PARTS DEPT.**

Take a good look at the mix of parts in the parts department. Pay close attention to non-seasonal parts whose most recent sales activity happened four to six months ago. They may not have reached their time limit on the shelf, but are they really parts that should be stocked? Look at those parts as "potential" obsolescence.

A good place to start reviewing the inventory mix is with the fill rate, or level of service, which measures how well you fill your orders or, put another way, how effective your parts department is at meeting your primary customers' demands. With most dealerships, the primary customers are their own service and body shops, although occasionally a dealer may do more wholesale than internal parts sales. It's important to maintain a high fill rate (85-95 percent), which is calculated using the demand history in the following equation:

$$\text{Fill rate} = \frac{\text{total demand} - (\text{emergency purchases} + \text{lost sales})}{\text{total demand}}$$

Total demand is the total number of customer requests you receive during a given period. Emergency purchases are orders placed for parts that aren't available through regular stock orders or special orders. Lost sales are those parts that aren't in stock when the customer makes the request.

Any request for a part, whether or not the part is in stock, creates a demand history. When a part's demand history shows a certain number of demands over a given period of time - traditionally, demands in three of the most recent 12 months - that part might be phasing in and should be watched closely. (The number of demands and the time period will vary based on such factors as the type of part and whether it's a seasonal part).

The best way to improve parts mix is to track customer requests for parts that aren't in stock, along with the sales activity for the parts that are. Review the fill rate and other tracking information weekly to see which parts are most in demand. The dealership can then improve its parts mix by ordering the needed parts based on demand history.

The more quickly the department recognizes the need to get certain parts in stock, the more quickly the parts mix improves and the level of service and departmental profitability rises.

Tracking demand can also help reduce or eliminate orders for parts that are likely to become obsolete. The traditional phase-out criteria is no demands during the last six months.

This article is excerpted from *Top Five Ideas for Managing Parts Department Inventory Performance* (SP30). The publication can be ordered online at www.nada.org/mecatalog or by calling NADA at 800-252-NADA, ext. 2.

NOTICE

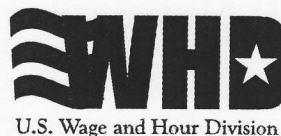
Military Family Leave

On January 28, President Bush signed into law the National Defense Authorization Act for FY 2008 (NDAA), Public Law 110-181. Section 585(a) of the NDAA amended the FMLA to provide eligible employees working for covered employers two important new leave rights related to military service:

- (1) New Qualifying Reason for Leave.** Eligible employees are entitled to up to 12 weeks of leave because of “any qualifying exigency” arising out of the fact that the spouse, son, daughter, or parent of the employee is on active duty, or has been notified of an impending call to active duty status, in support of a contingency operation. By the terms of the statute, this provision requires the Secretary of Labor to issue regulations defining “any qualifying exigency.” In the interim, employers are encouraged to provide this type of leave to qualifying employees.

- (2) New Leave Entitlement.** An eligible employee who is the spouse, son, daughter, parent, or next of kin of a covered servicemember who is recovering from a serious illness or injury sustained in the line of duty on active duty is entitled to up to 26 weeks of leave in a single 12-month period to care for the servicemember. This provision became effective immediately upon enactment. This military caregiver leave is available during “a single 12-month period” during which an eligible employee is entitled to a combined total of 26 weeks of all types of FMLA leave.

Additional information on the amendments and a version of Title I of the FMLA with the new statutory language incorporated are available on the FMLA amendments Web site at http://www.dol.gov/esa/whd/fmla/NDAA_fmla.htm.



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NOTICE OF ANNUAL MEETING

OF THE

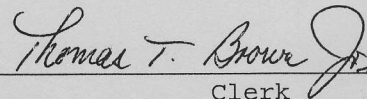
MAINE AUTOMOBILE DEALERS ASSOCIATION, INC.

Please take notice that the Annual Meeting of the members of the corporation will be held at the Harborside Inn and Marina in Bar Harbor, Maine on Saturday, June 28, 2008 at 8:30 a.m. to transact the following business:

1. Election of the Board of Directors and other Officers of the Corporation.
2. To Receive the Annual Reports of the Treasurer and Officers of the Corporation.
3. To Receive the Report of Charles R. Gaunce
N.A.D.A. Director for Maine, on N.A.D.A.'s Activities.
4. To Receive the Annual Report of the M.A.D.A. Insurance Trust.
5. To Receive the Annual Report of the M.A.D.A. Workers Compensation Trust.
6. To Transact Such other and further Business as may legally come before Said Meeting.

Dated this 24th Day of April, 2008.

Attest:


Clerk