

NEWS BULLETIN

Maine Automobile Dealers Association

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GOVERNOR LEPAGE TO ADDRESS CONVENTION

Governor Paul LePage will participate in MADA's 2013 annual meeting and convention with a presentation at 4:30 p.m. on Friday, June 21. The Governor will address those issues which are uppermost in his mind, many of which are likely to be points of discussion in the Legislature's final weeks of this year's session. The results of these discussions will affect all citizens of Maine as well as most of those "from away" who visit us from time to time. And since those subject matters have strongly-held convictions on both sides of the political aisle, the Governor's presentation should be interesting.

SECRETARY OF STATE DUNLAP TO SPEAK SATURDAY

On Saturday morning during our Annual Meeting, Secretary of State Matt Dunlap will make a presentation on Bureau of Motor Vehicles issues which affect dealership operations. These topics could include titles, notices of sale, licensing, and the future electronic transfer of this information. Secretary Dunlap is in his second tour as Secretary of State, and was previously a member of the Maine House of Representatives, so he is very familiar with the issues of interest and importance to dealerships.

CONVENTION EDUCATIONAL WORKSHOPS

Educational opportunities at the convention will address several topics: dealership obligations for 2014 under federal healthcare law; issues surfacing in your Finance and Insurance operations due to communications to major dealership finance sources from the Consumer Finance Protection Board as well as rising concerns in the Legislature regarding privacy and data breaches; property and casualty insurance coverage "holes" which dealerships might want to revisit as dealers periodically review their policies; and current legal, legislative and regulatory topics. The Maine Legislature is still in session, with much major work to complete, so we will be providing a preliminary report on subjects of impact on dealership operations. MADA will, later this year, participate in regulatory activities at the DEP with respect to catalytic converters (see next article), and also with Maine's Department of Transportation on the subject of highway funding. We will address both of these during the legal-legislative-regulatory workshop.

SALES OF REPLACEMENT CATALYTIC CONVERTERS

The Maine Department of Environmental Protection (DEP) will be conducting a rule-making process to change DEP's current Rule Chapter 127 - New Motor Vehicle Emission Standards. The change will add language which eliminates the ability to sell a "used" catalytic converter and require that all "new" catalytic converters meet California standards. The proposed amendment to the Chapter 127 rule would become effective in 2015, as federal

law requires significant lead time so that manufacturers of the affected products have sufficient time to comply. In this case, the product which is impacted is the catalytic converter which comes from either the Original Equipment Manufacturer (OEM) or an aftermarket manufacturer.

On June 1, MADA sent an email survey to MADA members regarding catalytic converters. Thank You to those who have already responded. For those who have not yet completed the 3-question survey, we would welcome your information.

NADA EXTENDS DEADLINE FOR WORKFORCE STUDY

In 2012, your National Automobile Dealers Association (NADA) began an annual program which collects dealership information and aggregates it regionally and nationally into reports available to NADA members. The Dealership Workforce Study will provide dealers some information which dealerships could utilize in recruiting and retaining employees, developing innovative pay plans, and adjusting dealership operations for increased employee engagement and profitability.

The deadline for participation in this year's study is now June 30th. Dealerships which participate receive a complimentary individualized report packet which compares the dealership to regional and national results, as well as a comprehensive industry report with critical economic factors analyzed. The study is available at www.NADAworkforcestudy.com with use of your NADA dealership ID number.

MAINE SUPREME COURT DECIDES DEALER PLATE ISSUE

A recent Maine Supreme Court decision involves dealer plate usage by family members and the appropriate use of dealership inventory under Maine sales tax law. The decision in this case was very fact-driven, and the final "analysis is based on the totality of circumstances". MADA members should understand the issues identified by the Court, and the Court's conclusion that the four vehicles in question were withdrawn from dealership inventory and thus became subject to Maine use tax.

All four vehicles were Cadillac Escalades driven: 48,000 miles in 3 years; 9,000 miles in 5 months; 41,000 miles in 3 years; 42,000 miles in 2 years - none of which were publicly advertised nor sold at retail. Factors also mentioned by the Court were: the nature of the used vehicle dealership's activity (mostly work truck sales, not passenger vehicles); the way the dealership managed the Escalades compared to other inventory; the trading pattern of the Escalades; no disclosure on the vehicle windows; length of ownership; where the vehicles were stored; and whether the dealer owns his or her personal passenger vehicle. "The factors identified are neither exhaustive nor exclusive, and the analysis depends upon the facts of the particular case", said the Court.