



# CONNECTICUT AUTOMOTIVE RETAILERS ASSOCIATION

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## IN THIS ISSUE:

**AUGUST 2009**

1. Connecticut Budget Reduces Sales Tax
2. "Clunkers" Sales Come To An End
3. Warranty Reimbursement
4. Text Messaging Regs For Dealership/Customer Communications
5. In- Transit Registration Procedure
6. IRS Sets Heals Savings Accounts Limits For 2010
7. Your Questions Answered
8. Save The Date – 2009 Dealer Symposium and Trade Show
9. The CAR Association Goes To Washington
10. Flu Clinics
11. Dealer Scam Alert!

## ATTACHMENTS:

- A. Summary of Text Messaging Restrictions
- B. Recipe For Planning An Employee Influenza Clinic

## ROUTE:

GENERAL MANAGER _____	SALES MANAGER _____
BUSINESS MANAGER _____	NEW CAR MANAGER _____
SERVICE MANAGER _____	USED CAR MANAGER _____
F & I MANAGER _____	PARTS MANAGER _____
TITLE CLERK _____	OTHER _____

**1.  
CONNECTICUT  
BUDGET REDUCES  
STATE SALES TAX**

On September 1 Gov. Rell announced that she will neither sign nor veto the two-year budget passed by Democratic majorities in the House and Senate but will let the bill become law without her signature. The Governor also said that she will use her authority to veto specific line items in the budget and eliminate approximately \$8 million in spending from the plan.

Gov. Rell indicated that she was disappointed in the inability of legislative Democrats to make sufficient cuts in state spending and could not sign her name to the bill. The budget will take effect in five days.

Starting January 1, 2010, the bill reduces the sales and use tax rates applicable to most taxable items and services from 6% to 5.5%. The reduction does not take effect if, before January 1, 2010, the comptroller's monthly statement indicates that General Fund tax revenue for FY 10 is at least 1% less than the FY 10 revenue estimate adopted by the Finance, Revenue and Bonding Committee and included in the bill.

If the reduction takes effect and any of the comptroller's monthly statements issued between January 1, 2010 and June 30, 2010 show estimated General Fund revenue for FY 10 at least 1% below the adopted revenue estimate, the sales and use tax rate must be restored to 6% on July 1, 2010.

The bill does not reduce rates for items and services that are currently taxable at rates other than 6%, such as hotel room rentals (12%), motor vehicle sales to out-of-state residents on full-time active military duty in the state (4.5%), and computer and data processing services (1%).

The car Association will keep you informed so you may make necessary changes to your computer systems to reflect the correct sales tax percentage.

**2.  
"CLUNKERS" SALES  
COME TO AN END**

At 8:00 PM Monday August 24, a dealership's ability to help customers pursue "Cash for Clunkers" (CARS) came to an end. At that time, sales must have been consummated in order for that transaction to be eligible under the CARS program. The CAR Association has sent a series of emails and faxes to dealerships participating in the CARS program, regarding the significant rollercoaster ride in the program's administration and providing information helpful to dealerships in their efforts to submit the voluminous data necessary for reimbursement. With first submission of all transaction data required by 8:00 PM Tuesday, August 25, 2009, that phase of the program has also ended.

**CLUNKERS  
CONTINUED . . .**

The next several weeks will be devoted to correcting rejections of submitted deals as they are returned by the National Highway Traffic Safety Administration (NHTSA) processors. Some money has been trickling into dealers' bank accounts as transactions have been approved and paid. The vast majority of transactions are either "under review" or "pending". Some recently-submitted transactions do not carry any notation as to status, which simply means that the invoice has not yet been assigned to a processing unit. Now that we have reached the end of the opportunity to sell new vehicles under this program, and the deadline has passed for the first submission of information on these vehicles, we turn our attention to clean-up, fix-up and pay-up issues. As always, the CAR Association staff is here to attempt to assist you with any problems or questions concerning the ability to get a deal through the NHTSA system and receive reimbursement.

**3.  
WARRANTY  
REIMBURSEMENT**

In our July Newsletter we informed you of the enhancements to our state franchise laws detailed in Public Act 09-50. These enhancements improve dealer protections and require manufacturers to reimburse dealers at retail for parts and labor warranty work.

We will be holding a workshop presented by Myers & Fuller on how to obtain your increased warranty reimbursements during our 2009 Dealer Symposium and Trade Exhibit, Thursday, November 5, 2009. Look for more information on the Symposium to come in your mail shortly.

Please call the Association office (860) 293-2500 if you need a copy of the detailed Guide for making a warranty reimbursement request to your manufacturer under the new law.

*We thank Attorney Richard Sox of Myers & Fuller in Florida for providing this valuable resource for our members.*

**4.  
TEXT-MESSAGING  
REGULATIONS FOR  
DEALER/CUSTOMER  
COMMUNICATIONS**

Communications with prospective customers or others via "text messaging" may be subject to a number of federal regulations. A text message may be deemed to be a phone call, an email or perhaps even both under federal law. At the request of NADA's IT Committee, NADA Legal Affairs has prepared a summary of the legal issues that dealers should consider before "texting." This summary is attached (**ATTACHMENT A**).

**5.  
IN-TRANSIT  
REGISTRATION  
PROCEDURE**

Dealers can now process In-Transit registrations via the on-line system. Following is the procedure for these transactions as provided by DMV:

**Class/Code:** 34      **Sub/Code:** 8

**Fee and Expiration:**

\$20 and will expire 30 days from the Date of Issuance.

**Special Restrictions:**

In-Transit Registration is issued for a vehicle purchased in Connecticut for the sole purpose of driving the vehicle to another state to be registered and exclusively used. Not restricted to type of vehicle, but not to exceed Gross Vehicle Weight Rating of 26,000 lbs. The In-Transit Registration is limited to one per customer, per vehicle.

**Special Requirements:**

Photocopies of ownership documents must be submitted with the online transaction. Customer must use an out-of-state address, along with a driver's license with the same address.

Dealership will process the in-transit transaction online as normal. The temporary plate will draw down from the online inventory. Using a red marker they will write the 30 day expiration date on the plate.

**Property Tax Delinquencies and Suspensions:**

All applicants must be clear of any Connecticut Property Tax Delinquencies, Suspensions or Insurance Compliance issues.

**Sales Tax:**

No Connecticut Sales Tax will be collected. The Sales Tax will be collected by the customer's home state at the time of Registration and Title.

**Insurance Requirements:**

A Connecticut Insurance Card is not required. However the customer must provide an Insurance Declarations Page or Insurance Card, (whether a Connecticut Insurance Card or a Card issued pursuant to the Laws of another State).

**6.  
IRS SETS HEALTH  
SAVINGS ACCOUNTS  
LIMITS FOR 2010**

The IRS has set the annual inflation-adjusted amounts for health savings accounts (HSAs) under section 223 of the Internal Revenue Code.

For calendar year 2010, the limitation on contributions for an individual with self-only coverage under a high-deductible health plan is \$3,050. The annual limitation for an individual with family coverage under a high-deductible plan is \$6,150.

The IRS defines a "high-deductible health plan" as a health plan with an annual deductible that is not less than \$1,200 for self-only coverage or \$2,400 for family coverage, with annual out-of-pocket expenses (deductibles, co-payments, and other amounts, but not premiums) not exceeding \$5950 for self-only coverage or \$11,900 for family coverage

7.  
YOUR QUESTIONS  
ANSWERED

**Q: Our company premises are entirely smoke-free. We have a number of smokers who have asked if they can go off premises to have a cigarette during the morning and afternoon breaks. As a way of discouraging smoking, can we give the nonsmokers paid breaks but give unpaid breaks to those who go off premises?**

**A:** Probably not. The U.S. Department of Labor takes the position that under the Fair Labor Standards Act, any break of 20 minutes or less is paid time. In addition, Connecticut law says employers may not discriminate in hiring, compensation or conditions of employment against those who use lawful tobacco products outside the course of employment. Giving unpaid breaks to smokers and paid breaks to nonsmokers might run afoul of this law.

There is no requirement, beyond the required meal period, that employers offer shorter “coffee” or rest breaks to employees. But eliminating the breaks for all employees would obviously create an employee relations problem. A better course of action, and the way most employers handle this situation, is to designate a smoking area (generally outdoors) that is away from nonsmokers and the general public. You might also try offering a smoking cessation program.

**Q: We terminated an employee, and her last day of work was mid-month. She was given a COBRA election form and other COBRA information at that time. Our group health plan requires us to carry her until the end of the month. We know that an employee has 60 days to elect COBRA coverage, but when does that period start — on the employee’s last day of work or the last day of the month when she actually loses group coverage?**

**A:** This is a common scenario, as many group health plans require that terminated employees be carried until the end of the month. The qualifying event for COBRA purposes is the employee’s loss of employment. However, the election period does not end until 60 days after the employer sends the election form to the employee or until 60 days after the loss of coverage, whichever is later. In this case, the 60-day election period starts on the last day of the month.

8.  
SAVE THE DATE –  
2009 DEALER  
SYMPOSIUM AND  
TRADE EXHIBIT

There may never be a more valuable time for you to meet with your fellow dealers and the 2009 Connecticut Dealer Symposium and Trade Exhibit will give you that opportunity. As the first half of this year has indicated, the most reliable and up to date information available seems to be furnished by the dealers themselves and their Association.

**SAVE THE DATE  
CONTINUED . . .**

With this in mind, we have scheduled meetings that will focus upon the future of the industry and the details of how you operate within the changing world of auto retailing. We will also hear from industry associates and experts via our trade exhibits as to their roles in our mutual success.

Look for registration materials in your mail within the next two weeks but we urge you to **SAVE THE DATE – Thursday, November 5, 2009.**

Once again, the Association will be subsidizing dealer cost for this event and bringing you a full program including six seminars, breakfast, lunch, cocktail reception, VIP Preview of the Auto Show with Gala Dinner and a full Trade Exhibit for one low \$50.00 fee.

**Space will fill up quickly so ~ Register Early!**

**9.  
THE CAR  
ASSOCIATION GOES  
TO WASHINGTON**

The National Automobile Dealers Association hosts its annual Washington Conference on September 15 and 16 this year. The major purpose of this gathering is to receive briefings on Congressional proposals of importance to the dealer body, and to then visit with Connecticut’s Congressional delegation. Subjects to be discussed with our Senators and Representatives include healthcare, dealership franchise terminations and dealership receivables from the CARS program. The CAR Association will summarize its Congressional visits in a future bulletin.

**10.  
FLU CLINICS**

Many dealers have called asking for information on how to set up a flu clinic at their dealership for their employees and families. We have attached some information you might find useful if you decide this is something you’d like to do this year (**ATTACHMENT B**).

Please notify the CAR Association if you will be hosting a clinic for your employees as we’d like to include this information in our annual public relations report.

**11.  
DEALER SCAM ALERT**

Several dealers around the country received the following email:

*Dear Ally Bank (former GMAC Bank) customer,  
GMAC Bank has recently changed its name to Ally Bank, and these days we introduce a new version of banking software. As you are registered to be an online account holder, please update your account records. In order to update your accounts, please follow the link below:*

<http://secure.ally.com/allyWebClient/ccare/cform>

*We look forward to helping you,  
Your Ally Customer Car Team*

**GMAC has stated they have no knowledge of this request! Be Alert!**