



CONNECTICUT AUTOMOTIVE RETAILERS ASSOCIATION

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ATTACHMENTS:

- A. **Know Your New Franchise Law – Seminar Registration**
- B. **CAR Association Employment Law Seminar**

ENCLOSURES:

1. **8-in-1 Labor Poster**

ROUTE:

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

**1.
PRESIDENT'S
MESSAGE**

The Legislature passed the CAR Association's **Franchise Dealer Protection Act** late Wednesday and in an extraordinary procedure immediately sent it to the Governor for signature. Per the Governor's request to keep it close to the Capitol we organized a bill signing at Gengras Motors in East Hartford and on Friday, May 8, 2009 at 3:00 PM the Franchise Dealer Protection Act became Connecticut law.

Numerous dealers from around the state attended the signing and watched along with 30 to 40 employees of Gengras Auto as **Governor M. Jodi Rell** signed the bill giving Connecticut's dealers one of the best franchise laws in the country. The legislation is designed to help preserve more than 13,000 jobs in the Connecticut automotive retail industry. The Governor signed the **Franchise Protection Act** which was swiftly sent to her desk late Wednesday by the legislature in advance of significant changes to both Chrysler and General Motors which are expected to be announced this week. The governor stated that it was important to save the small business dealerships and jobs they provide to thousands of people in Connecticut.

Mr. Art Schaller, Jr., Vice Chairman of the Connecticut Automotive Retailers Association (CARA) and a Connecticut auto dealer stated, "The fast action by the both the Legislature and Governor Rell to enact this legislation in record time will help preserve thousands of jobs. This just shows that Connecticut government officials get it...they care about the little guy, the small businesses and thousands of jobs in our dealerships located on the Main Streets of our state." Additionally, "We need to keep dealerships open to preserve jobs, ensure consumer purchase choice and convenience for warranty and other service work."

As President of CARA I stated that "We have already lost more than 50 dealerships in the past 18 months; this bill will help stop the bleeding, it will ensure that dealers and their employees are treated fairly by the big auto companies. If a dealer is forced to close it requires the manufacture to reimburse the dealer for the manufacturer's vehicle inventory, corporate logo signage and other manufacturer required items such as special tools and parts."

This bill will also help all our dealers during these tough economic times by ensuring that dealers are properly and fairly compensated by the manufactures for warranty labor and parts work, requires that dealers be treated fairly if they need to relocate a facility or co-locate different brands and provides for due process in the event of disputes with a manufacturer.

Manufacturers are not going to simply change their procedures due to this new legislation, dealers will have to notify them of the changes. To aide you in that we will be holding a seminar with Atty. Rich Sox of Myers & Fuller who worked with us in writing the legislation. During this seminar Attorney Sox will explain all the enhancements and how they can benefit dealers. Please use the Attachment (ATTACHMENT A) to register for this FREE Seminar – space is limited so register early!

**PRESIDENT'S
MESSAGE
CONTINUED . . .**

Additionally, CARA has been working on a number of other “Auto Industry” related concerns:

CAR Chairperson Mary Ellen Hadelman and CARA staff and executive committee members met with **DMV Commissioner Robert Ward** and DMV staff to review the auto industry situation and determine if the DMV needs to request legislative changes to ensure a smooth transition of franchise licenses and manufacture licenses under Connecticut Law for the “New Chrysler” and “New GM”. DMV and CARA will be discussing this as we learn more about the direction the U S Bankruptcy Court and the Auto Taskforce is pursuing.

NADA requested that all state NADA Directors and Association Executives come to Washington DC on May 13-14 to intensely **lobby Congress** to put pressure on the White House to stop using dealers as scapegoats for the problems in the auto manufacturing industry. Connecticut NADA Director Gary Reynolds and I will go down late Tuesday and be back hopefully early Thursday. Chrysler, as many of you know, is supposed to file a list of the dealers it will keep as part of the “New Chrysler” with the bankruptcy court by May 14th and GM is scheduled to make a similar announcement for the “New GM” as well as the status of the Saturn and Hummer sale, outside of bankruptcy, some time next week. Gary and I want to impress upon the Connecticut congressional delegation that our dealers are not to become collateral damage in the reorganization and urge them to contact the Auto Taskforce and the President to save dealerships and the 13,000 jobs and millions of dollars in taxes they pay in our state.

We will keep our members apprised of all these issues as events unfold.

**2.
“RED FLAGS”
COMPLIANCE
DEADLINE EXTENDED
A SECOND TIME**

The Red Flags Rule, which had an original compliance date of November 1, 2008, and a second “mandatory” date of May 1, 2009, has now been extended again until August 1, 2009. The delay, announced by the Federal Trade Commission (FTC), was intended to give all affected businesses additional time in which to develop and implement a written Identity Theft Prevention Program (ITPP).

The CAR Association and NADA have held multiple seminars over the past year stressing what dealers need to do to ensure compliance with the Red Flags Rule.

The Red Flags Rule was born out of the Fair & Accurate Credit Transaction Act of 2003, which amended the Fair Credit Reporting Act and required covered companies to develop and implement an ITPP to detect, prevent and mitigate identity theft.

The CAR Association will continue to monitor developments regarding the Red Flags Rule and keep dealers informed of any new requirements.

**3.
CONNECTICUT TAX
AMNESTY UNTIL
JUNE 25, 2009**

The State of Connecticut is offering a tax amnesty program from May 1, 2009 through June 25, 2009.

All applicants must file an application for Tax Amnesty with DRS electronically using the Amnesty Taxpayer Service Center.

The Connecticut Tax Amnesty Program, administered by the Department of Revenue Services, provides an opportunity for eligible taxpayers to pay their back taxes to the state while avoiding penalties and criminal prosecution. It also offers a .25% reduction in interest (0.75% instead of the regular 1% interest rate).

Amnesty will be offered to any taxpayer owing Connecticut tax for any taxable period ending on or before November 30, 2008 either because the taxpayer:

- failed to file a return for the taxable period, or
- previously filed a return for the taxable period but underreported the amount of Connecticut tax.

Amnesty will not be offered on existing bills. Taxpayers already in a payment plan with DRS or who have received a tax bill from DRS cannot participate in amnesty for the tax liability that is the subject of that bill. The taxpayer may, however, report additional liability for that tax period as an underreporter under amnesty.

A taxpayer may be ineligible for amnesty for either of the following reasons:

- The taxpayer is currently under audit by the Connecticut Department of Revenue Services; or
- The taxpayer is a party to any criminal investigation or to any civil or criminal litigation involving the Connecticut Department of Revenue Services.

NOTE: If a taxpayer is not eligible for tax amnesty for a particular Connecticut tax or for a particular taxable period, the taxpayer may still be eligible to apply for tax amnesty for another Connecticut tax or for another taxable period.

The CAR Association cannot give legal or financial advice. Please refer specific questions on Connecticut's Tax Amnesty program to your dealership's accountant.

**4.
SBA EXPANDS
LOAN ELIGIBILITY
TO DEALERSHIPS**

More small businesses will be eligible for U.S. Small Business Administration-backed loans as a result of a temporary alternate size standard for the agency's largest lending program. As a result of the temporary change, more than 70,000 additional small businesses – **including auto dealerships, suppliers and others** – could be eligible to apply for an SBA 7(a) loan. The temporary 7(a) loan size standard will allow businesses to qualify based on net worth and average income. The net worth for the company and its affiliates can't be in excess of \$8.5 million and average net income after federal income taxes (*excluding any carry-over losses*) for the preceding two completed fiscal years can't be more than \$3 million.

By significantly expanding the SBA 7(a) Loan Guarantee Program, the Administration has taken a significant step toward unlocking the frozen credit markets that are so critical to the success and continued operation of thousands of small, family-owned auto dealerships across the country. The newly expanded SBA 7(a) Program should encourage lenders to assist thousands of additional dealers with the liquidity they need to keep their doors open, make payroll and prevent further layoffs, especially in these difficult economic times.

NADA praised the SBA action. Indeed, members of NADA's Executive Committee and senior staff, along with leaders from the National Association of Minority Automobile Dealers (NAMAD), met several times with the SBA since November 2008 to advocate a more inclusive size standard for dealers seeking access to the 7(a) Loan Program. These meetings led to the SBA action, discussed above. NADA is continuing to work with lenders to encourage them to make 7(a) loans to dealers and with the Obama Administration to allow proceeds from these loans to be used for floor plan financing.

**5.
CASH FOR CLUNKERS**

The CAR Association has recently fielded several calls from dealers asking about a "Cash for Clunkers" program. This is a legislative initiative on the federal level, not the state level.

Congress has several different bills before it sponsored by various congresspersons. Some bills are more restrictive than others and apply to different types of new vehicles as well as to various old trade-in vehicles. It is difficult to say when or if a particular bill will pass and it is highly unlikely that any bill will be retroactive.

This is on the priority list for NADA's Legislative Agenda. Following please find some background on the issue so that you are updated if customers refer to it:

**CASH FOR
CLUNKERS
CONTINUED . . .****Background**

Tight economic times have forced some consumers to forgo purchasing newer, more fuel-efficient vehicles and instead retain their older, less-efficient vehicles. A “cash for clunkers” (or fleet modernization) program provides consumers who trade-in older model vehicles with a financial incentive valid towards the purchase of a newer, cleaner vehicle.

A fleet modernization plan in Germany has yielded a significant boost in automobile sales since its inception in January. Several states, including Texas and California, operate fleet modernization trade in programs providing as much as \$5,000 for older vehicles. These programs are primarily aimed at improving overall fleet emissions, not necessarily fuel economy. NADA believes that a federal program designed to remove older vehicles from the road could provide an economic stimulus for consumers and the motor vehicle industry, reduce emissions, and improve the fuel economy of the nation’s passenger car and truck fleets.

Basic Principles for a Successful “Cash for Clunkers” Program

- The program should be voluntary, available to all customers, and not unduly favor any particular vehicle manufacturers.
- Incentive vouchers must be significant enough to remove older vehicles from the road and enable the purchase of new or newer vehicles.
- Adequate funding sources for incentive vouchers must be secured.
- The process for redeeming vouchers by participating dealers should be expedient, simple and standardized, and not require dealers to “float” large sums for extended periods.
- A verification process is necessary to ensure trade-in vehicles eligible for the program are properly scrapped or dismantled.
- The program should be periodically reviewed to measure energy, environmental, and economic benefits.

Status

At least five “Cash for Clunkers” proposals have been introduced in the House and Senate. These programs would provide consumers between \$1,500 and \$10,000 towards the purchase of a new vehicle depending on its fuel economy and final assembly point.

To date, NADA has not endorsed any specific legislative proposal and continues to participate in stakeholder discussions to ensure that our basic principles are incorporated namely that dealers are paid promptly from the federal government and any incentive program applies equal treatment to all automobile manufacturers. NADA strongly supports the concept of fleet modernization and is working to secure support for a consensus approach that includes automakers and recyclers. This issue is a priority for dealers, and NADA will continue to work with Members of Congress and the Obama Administration on an effective fleet modernization plan.

**6.
REMINDER:
CHECK YOUR
PLATE SURROUNDS**

License Plate Surrounds

Sec. 14-18 (c) of the Connecticut General statutes states that “number plates when displayed upon motor vehicles shall be entirely unobscured and the numerals and letters thereon shall be plainly legible at all times.” While plate surrounds are not illegal, it will be the judgment call of individual police departments whether to cite for an infraction of the statute.

If your plate surrounds obscure **any** portion of any letter, number or symbol on the plate your customers may end up with a substantial fine and in turn come to you for restitution.

Please keep this statute in mind when ordering your plate surrounds.

**7.
DMV LEASE
PROCEDURE
REMINDER**

If a vehicle is leased to a business there should be a commercial or combination registration issued.

If a vehicle is leased to an individual (non-business) a passenger plate should be issued.

If a vehicle is leased to a business and the vehicle is given to an owner/officer/employee for strictly personal use, a passenger plate may be issued if a letter from the company is submitted stating the use, along with the application for registration. This letter must be submitted along with the other supporting documents.

This procedure applies to long term leases as well as daily/weekly/monthly rental fleets.

**8.
CPR MANIKIN
GRANTS AVAILABLE**

Many dealers are not aware of the outstanding benefits of the National Automobile Dealers Charitable Foundation (NADCF) CPR Manikin Grant program. Given the positive response to these donations – plus the fact that the manikins are free to dealers – you may want to consider participation.

If you would like to see a worthy organization in your community receive a manikin, just request a simple one-page application from the CAR Association. Ask the organization to fill out the application, also indicating the type of manikin they wish to receive. Remember that one size doesn't fit all. The type of CPR applied to a young person is different than the technique applied to an adult, and it is important to tailor the size of the manikin to the type of training offered. That is why the Manikin Grants Program offers three sizes: the adult Resusci Anne, the Junior and the Baby. It is helpful to attach to the application a letter of endorsement on your dealership letterhead, with a statement that you support this organization's request. The manikin is customarily sent to the CAR Association office and arrangements will be made to include the sponsoring dealership in the presentation of the manikin.

9.
YOUR QUESTIONS
ANSWERED

Q. We're looking at a temporary decline in business and have to decide whether to lay off several employees or reduce hours. If we reduce hours such that employees are working eight to 10 fewer hours each week, will those employees be able to collect unemployment?

A. The state Department of Labor (DOL) has a Shared Work Program that provides an alternative to layoffs and could be what you need right now. Rather than laying off a percentage of their workforce, employers may reduce the hours and wages of all employees or a particular group of employees. The employees whose hours and wages are reduced can receive partial unemployment insurance benefits to supplement their lost wages. These partial benefits are made possible through special eligibility regulations governing the Shared Work Program. Among the program's requirements:

- The employer must have four or more full-time employees participating in the shared work plan.
- The employees must have a reduction in hours and a corresponding reduction in wages of not less than 20% and no more than 40% of the full-time norm.
- The employees' fringe benefits may not be reduced or eliminated during the time the plan is in effect.
- All participating employees must be identified by name and Social Security number.
- The program must be in lieu of a layoff of an equivalent percentage of employees.
- Employees must be eligible for regular unemployment compensation.
- No employee may receive a combination of shared work benefits and regular unemployment comp benefits that exceeds the maximum total benefits payable to the claimant during the course of his or her benefit year.

Here's an example of how the program works. A company facing a 20% reduction in business might normally lay off one-fifth of its workforce. Instead, a company with a shared work plan could retain its total workforce on a four-day basis. The reduction from 40 to 32 hours would cut production by the required 20% without reducing the workforce. Employees would receive their wages based on four days of work and would receive a portion of unemployment benefits equal to 20% of the total weekly benefit rate that would have been payable had they been unemployed a full week.

While the program may not fit every company's needs, it does have some advantages. Employers can retain their workforce and avoid the time and expense of training new employees when business picks up. The plan also fosters better morale among employees because the company is spared some of the unrest characteristic of most layoffs.

To participate in the Shared Work Program, you must submit a written application to the DOL. For more information and to access the application, go to www.ctdol.state.ct.us/progsupt/bussrvce/shared_work/swp-regs.htm.

**YOUR QUESTIONS
ANSWERED
CONTINUED . . .**

Q: Recently, debt collectors have been calling some of our employees at work. Are we obligated to give them any information about our employees or forward such calls during business hours? Or could we simply tell the callers not to contact our employees at work?

A. The state law on personnel files permits you to verify an employee’s dates of employment, position, and salary without an employee’s written authorization. However, the law does not require you to do so. You are obligated to respond to official inquiries like a subpoena or court-ordered wage execution related to an employee’s debt.

State law requires employers to notify employees of incoming “emergency” calls only, so you could refuse to interrupt employees’ work with non-emergency calls, such as calls from a collector. The federal Fair Debt Collection Practices Act prohibits such calls before 8 a.m. or after 9 p.m. It also prohibits contacting a debtor at work once the debtor notifies the collector that his or her employer disapproves of such contacts. This strategy does not erase any legitimate debt that is owed, and it may result in further legal action to recover the debt, but it should eliminate any further disruptive calls at the workplace.

A final cautionary note: It is illegal to subject an employee to disciplinary action because of any wage executions unless the employer is served with more than seven wage executions on that employee in a calendar year.

**10.
CAR ASSOCIATION
EMPLOYMENT
LAW SEMINAR**

Our Spring Seminar Series continues with *Managing Employment Issues in a Recession*. Attorney Chuck Stohler, lead Labor and Employment Partner at Carmody & Torrance LLP, will provide an overview of the key employment issues facing automotive dealers as they deal with the recession and uncertainty in the industry. Attorney Stohler will address topics related to reductions in force and alternatives to layoffs; the proposed Employee Free Choice Act (EFCA) and related unionization issues; the recent changes to COBRA that provide a subsidy to employees who are terminated involuntarily; wage and hour matters; and other “Hot” areas.

The program will be practical, interactive and designed to address real-life situations and questions. Once again, CARA will subsidize the program to allow us to bring it to you at the reduced fee of \$50.00 per attendee.

Attorney Stohler past presentations to our Association are always greeted with great anticipation and enthusiasm and provide invaluable information for owners and managers. We have attached (**ATTACHMENT B**) a registration sheet for your convenience . . . Space is limited for this session.