

# VEHICLE AND AUTOMOTIVE DISTRIBUTORS ASSOCIATION

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Helping you drive Vermont's economy

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November 2019

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# TELL VADA ABOUT YOUR DEALERSHIP'S CHARITABLE EFFORTS We Will Share Them on Social Media

Vermont's neighborhood car and truck dealers support hundreds of charitable efforts in their communities, from sponsoring youth sports teams, to donating time and millions of dollars to a wide variety of community-based, social, religious, health, education, and other organizations that help those in need.

VADA wants to introduce these incredible stories to a wider audience. That's why we are asking you to forward the details of your dealership's charitable efforts, including any photos or video. We will share them on our social media channels so Vermont's elected officials, media, and consumers can see all the good dealers do for cities and towns throughout Vermont.

Imagine the impact a constant drumbeat of positive stories will have on the industry's reputation. Please forward the relevant details (and any accompanying photos or video) to mmiller@vermontada.org.

BE SURE TO "LIKE" OUR NEW FACEBOOK PAGE: Vermont Auto Dealers Association

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# **VERMONT SALES TAX RULES FOR ETCHING, TIRES & REFUNDS**

### **Etching**

We asked about the sales taxability of VIN etching on vehicle windshields and windows.

Vermont applies sales tax to retail sales of tangible personal property and to charges for fabrication. 32 V.S.A. §§ 9701(5); 9771(1), (3). A fabrication charge is taxed when a customer provides materials to be made into something new or different. Vermont Sales and Use Tax Regulations, Reg. § 1.9771(3)-3. Motor vehicles are subject to purchase and use tax, which applies to the gross consideration paid for the motor vehicle. 32 V.S.A. § 8902(3), 8903. A fabrication charge is not subject to sales tax when the work is done to property not subject to sales tax, such as real estate or motor vehicles. Vermont Sales and Use Tax Regulations, Reg. § 1.9771(3)-4.

See below for how this all applies to various transactions.

### 1. Customer purchases vehicle and requests etching service.

The total price charged to the customer for the vehicle, including the etching charge, are subject to purchase and use tax. This is because purchase and use tax applies to the gross consideration paid. Being subject to purchase and use tax means that sales tax does not apply. Accordingly, there is no sales tax on fabrication.

### 2. Customer brings their vehicle to a dealer's shop to have etching done.

In this case, the etching is not subject to sales tax because the fabrication work is done on a motor vehicle, which is property not subject to sales tax. Vermont Sales and Use Tax Regulations, Reg. § 1.9771(3)-4.

## 3. Customer purchases car with etching already on vehicle.

Like example 1 above, the total price charged for the vehicle is subject to purchase and use tax. The value added by the etching is indirectly included in the sales price. There is no fabrication in this example because the customer did not provide materials to be made into something new or different.

### 4. Customer purchases etched windows to be installed into a car.

This is a purchase of tangible personal property. It is subject to sales tax.

### 5. Customer purchases windows and requests they be etched.

The windows are taxable tangible personal property. The etching work is a taxable fabrication charge because the customer is providing materials to be made into something new or different. Tax applies to the total cost of the windows and etching work combined.

### **Tires**

We asked about the sales taxability of tires and studs when purchased separately, installed, and sold together to a customer. We also asked about taxability when a customer provides the tires.

Sales tax applies to retail sales of tangible personal property. 32 V.S.A. §§ 9701(5), 9771. Items sold for resale are not taxed because they are not retail sales. However, some items cannot be purchased exempt for resale because the cost is so insignificant that a customer would not bargain for it.

Tires are significant items that may be purchased by a retailer using a resale exemption certificate. See, <u>Vermont Sales and Use Tax Guide for the Automotive Repairs Industry</u>, at 2. Items such as wheel weights, nuts, bolts, and drill bits are considered supplies that are used by an automotive shop and cannot be purchased using a resale exemption. See, id. at 3.

The business may use a resale exemption to purchase the tires but should pay sales tax when purchasing tire studs. Sales tax applies to the marked-up sales price when the tires are resold to a customer. When a customer provides tires, sales tax would nonetheless apply to the amount charged to the customer because it would be a fabrication charge. Vermont Sales and Use Tax Regulations, Reg. § 1.9771(3)-2.

### Option for Refund via the Sales Tax Return

The business has an option to charge the customer directly and collect tax if the cost for tire studs turns out to be significant. In that case, the business should still pay sales tax purchasing the studs, but it should itemize the studs on the invoice, and collect and remit tax for the price charged to the customer. On its next sales and use tax return, the business should credit itself for the amount of tax previously paid to the supplier, provided the resulting use tax balance is not less than zero. If the balance is less than zero, the business may apply the use tax credit to a period with enough use tax due to offset the credit or request a refund of sales tax using Form REF-620. In either case, the shop should keep a log of all use tax due and credits and the reason for applying them.

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## WHAT'S NEW IN ELECTRIC CAR INCENTIVES

Recent changes to Electric Vehicle Incentives include the continued sunset of the federal tax credit for General Motors vehicles (now \$1,875 as of October 1) and Burlington Electric Department's \$800 incentive for used electric cars (in addition to their existing programs for new models).

The State of Vermont's incentive program is launching in the next few months. Details and dates are still under discussion, but we can offer the following preliminary information:

- The program will have \$1.1 million in funding enough for about 400 incentives
- The Vermont Agency of Transportation (VTrans) is overseeing the roll-out
- Incentives will be available for new EV models with a base price under \$40,000
- Eligibility will be limited to households below about \$90,000 annual income (officially 160% of the area median income)
- Incentive amounts will likely be \$2,500 for an all-electric model or \$1,500 for a plug-in hybrid with higher incentives for lower income households qualifying for home weatherization assistance (about \$50,000 for a 2-person household)

Sign up with VTrans here to get updates as the start approaches.

View Incentives

5,000 Tesla Owners Told Us What Elon Musk Got Right and Wrong (Bloomberg)

Gas Station Converts To Electric Charging Station And Speeds Ahead Of Curve (NPR)

The Oil Industry vs The Electric Car

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# FTC RELEASES ADVERTISING DISCLOSURES GUIDANCE FOR ONLINE INFLUENCERS

The Federal Trade Commission has released a new publication for online influencers that lays out the agency's rules of the road for when and how influencers must disclose sponsorships to their followers. The new guide, "Disclosures 101 for Social Media Influencers," provides influencers with tips from FTC staff about what triggers the need for a disclosure and offers examples of both effective and ineffective disclosures.

Source: FTC

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## DOL REVISES EARNING THRESHOLDS FOR OVERTIME EXEMPTION

The <u>U.S. Department of Labor is updating and revising the earnings thresholds</u> necessary to exempt executive, administrative or professional employees (EAP or "white collar") from the Fair Labor Standards Act's **overtime pay requirements**. The final rule will be effective January 1, 2020. NADA's <u>Dealer Guide to Federal Wage and Hour, Child Labor and Wage Discrimination Compliance</u> has been amended to reflect the changes. Please direct any questions to <u>regulatoryaffairs@nada.org</u>.

# **DOL Overtime Exemption Changes Apply Only to Certain Employees**

Since the Department of Labor announced changes to the overtime exemptions for executive, administrative, or professional (EAP) employees, many dealerships have had questions.

The EAP exemption salary threshold will increase on January 1, 2020 from \$23,660 to \$35,568 per year, with up to 10% of these salary thresholds able to be satisfied by nondiscretionary bonuses or commissions. This exemption only applies to employees who satisfy the EAP exemptions duties test, which are outlined in the Department of Labor's Fact Sheet #17A: Exemption for Executive, Administrative, Professional, Computer & Outside Sales Employees Under the Fair Labor Standards Act.

Many, but not all, dealership employees are covered by the "salesmen, partsmen, and mechanics" overtime exemption. The rules around that exemption have not changed.

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# **VERMONT MINIMUM WAGE TO INCREASE IN 2020**

Beginning January 1, 2020, the State's minimum wage will increase \$.18, from \$10.78 to \$10.96, as determined by the Department of Labor's Economic & Labor Market Information Division.

The calculation for this increase, as well as for subsequent years, is determined by state statute, which calculates the rate of inflation using the Consumer Price Index (CPI). The recent increase of 1.7% to the CPI, applied to last year's minimum wage, raised the rate by \$0.18 per hour.

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# **FURTHER TAX REFORM BONUS APPRECIATION GUIDANCE**

As tax return deadlines have past, dealerships have now completed their first tax filings reflecting the major overhaul from the Tax Cuts and Jobs Act (TCJA). Rules released in September regarding **bonus depreciation** are mostly favorable for dealers, however they continue to leave important questions unanswered. Crowe LLP has published a discussion of the new proposed regulations, available <a href="here">here</a>. NADA has engaged Crowe to submit written comments on the proposed regulations and present oral testimony at a hearing scheduled for November 13. NADA is optimistic that further guidance, including finalization of the new proposed regulations, will continue to be favorable for dealers, however as the foregoing is not intended to be legal or accounting advice, please ensure that your dealers consult their tax advisors for more information.

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# **ELECTRONIC DISCLOSURE & STORAGE OF ODOMETER DISCLOSURES**

On September 17, NHTSA announced a new rule to allow for the electronic disclosure and storage of the odometer disclosures that must be made in conjunction with the transfer (sale, lease, auction, etc.) of used motor vehicles. Consistent with the requirements for state issued secure paper odometer disclosure documents, the new rule lays out minimum security and authentication criteria that states must meet to enable e-odometer disclosures. By removing a key obstacle to paperless vehicle transactions, the new rule should help consumers and dealers save time and money. Note: in part due to the fact that the average age of used vehicles has increased markedly since the mid-1980s, the new rule extends the obligation to make required odometer disclosures from vehicles under ten model years old to vehicles under twenty model years old (beginning with model year

2010). The rule nominally takes effect 60-days after its publication in the Federal Register but requires state DMVs to take action to implement the new e-odometer criteria.

The NADA regulatory affairs team will work with other industry stakeholders, and the American Association of Motor Vehicle Administrators (AAMVA) to facilitate the rule's implementation and is in the process of revising NADA's A Dealer Guide to the Federal Odometer Law to reflect the new changes.

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## 2020 NADASHOW - RESERVE NOW.....



Did you see it? NADA Show 2020 has announced the lineup for its **Distinguished Speaker Series**. Five dynamic speakers will go beyond the traditional educational topics to discuss key insights on leadership, dealership culture, team building, and personal and business success; click here for the speaker schedule. Click here to register to attend the Show.

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# **COALITION FILES MOTION TO INTERVENE**

A motion to intervene in support of the Trump administration was filed earlier this week by the newly formed Coalition for Sustainable Automotive Regulation, in a case now pending in the federal D.C. Circuit Court of Appeals. The case involves a challenge by environmental advocacy groups to a rule published on September 27, 2019, in which the National Highway Traffic Safety Administration (NHTSA) determined that <a href="state rules regulating motor vehicle greenhouse gas (GHG) emissions">state rules regulating motor vehicle greenhouse gas (GHG) emissions</a> are preempted by the Energy Policy and Conservation Act (EPCA). (As part of the rule, EPA simultaneously revoked a preemption waiver it had previously granted to the state of California to regulate motor vehicle GHGs.) NADA is a participant in the coalition, together with several OEMs-including GM, FCA and Toyota-and Global Automakers. It does, however, ensure that fuel economy/GHG standards are set for the whole country by the federal government, not by individual states, and that important economic practicality, technological feasibility and safety considerations are accounted for. Questions about the NHTSA/EPA rule, or the D.C. Circuit Case, or about NADA's participation in the coalition, can be directed to NADA's Doug Greenhaus at <a href="mailto:dgreenhaus@nada.org">dgreenhaus@nada.org</a>.

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# FTC GIVES FINAL APPROVAL TO SETTLEMENT WITH AUTO DEALER SOFTWARE COMPANY THAT ALLEGEDLY FAILED TO PROTECT CONSUMERS' DATA

Following a public comment period, the Federal Trade Commission approved a final order settling charges against an lowa-based auto dealer software provider that allegedly failed to take reasonable steps to secure consumers' data, leading to a breach that exposed the personal

information of millions of consumers. As part of the settlement with the FTC, DealerBuilt is prohibited from sharing, collecting, or maintaining personal information unless it implements and maintains a comprehensive information security program designed to protect the personal information it collects. Among other things, the order requires DealerBuilt to implement specific safeguards that address the allegations in the FTC complaint.

Source: FTC

"It's Time to Get Our Arms Around the Data Quagmire"

Technology vendors can provide tremendous value for dealers, but some vendors have abused their access to dealership systems in an effort to obtain and leverage customer data for themselves. And for many dealers' most critical technology vendor-their DMS provider-the situation has become even more problematic. In fact, some DMS providers have actually put more effort and investment in making data integration more complex and expensive than they have in modernizing their systems and cutting costs. These complexities, and what some have labeled the "monopolistic rents" they charge to third-party dealer service providers, stifle innovation and hamstring a dealer's ability to efficiently and securely move data from one place to another in a cost-effective manner.

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# **6 Questions for Commissioner Minoli**



When AGC invited the Commissioner of DMV, Wanda Minoli, to participate in the article, she gratefully took on the task and stated, "Wow what insight to who you are!"

Find out Commissioner Minoli's responses... Source: AGC Construct VT

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# DEALER GUIDE TO HIGH-TECH VEHICLE SAFETY

Did you see it? NADA has issued a new guide to help dealership staff explain vehicle safety technologies to car shoppers. "A Dealer Guide to High-Tech Vehicle Safety" will help sales consultants and product specialists explain to their customers and potential customers how to properly use Advanced Driver Assistance Systems (ADAS). For questions or additional information about the Guide, please contact NADA's Marjorie Levin at mlevin@nada.org.

# POPULAR NADA DEALERSHIP BUY, SELL OR HOLD TWO-DAY SEMINAR ADDS SECOND DATE

Following selling out the first ever Dealership Buy, Sell or Hold seminar earlier this month, NADA has added a second date in conjunction with NADA Show 2020 in Las Vegas, NV on Wednesday, February 12 and Thursday, February 13. The seminar, targeted at dealer principals considering dealership sales or purchases, will teach multiple methods for determining the value of a dealership to decide if it is time to buy, sell or hold. Any seminar registrants will also receive complimentary registration for NADA Show 2020.

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## NADA LAUNCHES NEW EDUCATION SUBSCRIPTION PROGRAM

NADA's award-winning educational training programs, such as the Professional Series classes and Academy seminars, are now available to all dealership employees through the new Education Subscription program. "The subscription to NADA's educational training programs is a powerful tool for providing continuous training and development to dealership employees at a low-cost monthly subscription," said NADA Chairman Charlie Gilchrist, a multi-franchise dealer in the Dallas-Ft. Worth area.

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## DRUG AND ALCOHOL CLEARINGHOUSE

Did you see it? The Federal Motor Carrier Safety Administration (FMCSA) has opened registration for its Drug and Alcohol Clearinghouse (Clearinghouse). The Clearinghouse is designed as a secure online database of drug and alcohol program history and violations for persons with commercial driver licenses (CDLs). All employers who hire CDL-holders, including truck dealerships, must register with the Clearinghouse in order to access it. For a comprehensive FAQ on the Clearinghouse, click here. Beginning on January 6, 2020, registered truck dealerships may pre-employment queries Clearinghouse to make of prospective employees. Dealerships must register even if they intend to use a third-party administrator to query the Clearinghouse on their behalf. For detailed information on the Clearinghouse registration process, click here. Please note: CDL-holders are not required to individually register with the Clearinghouse but must provide consent to prospective or current employers seeking to access their records in the Clearinghouse. Use of the Clearinghouse does not modify a dealership's other drug and alcohol testing program obligations. For information on those obligations, click here.

# Calling All Ladies! NADA's Women Driving Auto Retail Video Contest is Back!

NADA's third annual Women Driving Auto Retail video contest is now accepting entries. This contest aims to amplify the voices of women working in dealerships and encourage other women to pursue automotive careers. If you're a woman working in the auto retail industry, help spread the word to other women about why they should pursue a career in auto retail: Share your career story in three minutes or less. Tell people who you are, what you do, why you love it, and why the auto retail industry is a great place for women to succeed. To be eligible, all videos must be posted by December 31, 2019 and shared publicly on Facebook, Instagram, LinkedIn or Twitter and include the hashtag #WomenInAutomotive. Ten semifinalists will receive a \$500 gift card. The grand-prize winner will receive a \$1,000 gift card plus complimentary registration to NADA Show 2021 in New Orleans, along with a \$1,000 travel stipend.



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# IN SERVICE WAR, DEALERSHIPS ENLIST TRANSPARENCY, TECHNOLOGY, MOBILITY

As new-vehicle sales flatten, dealerships must rely even more on their fixed operations to stay in the black. That makes their traditional competition with independent and chain-store service providers all the more urgent. Among the weapons dealers are wielding in the war for service business: mobility, price transparency and updated digital technology. Fixed operations generated 12 percent of revenue at franchised dealerships last year, but about half of their gross profits, the National Automobile Dealers Association reports. Dealerships capture one-third of service business in the United States - a nearly \$400-billion-a-year industry that is poised to grow as the average age of cars and trucks on the road, now a record 11.8 years, continues to increase. New-car dealerships claim a bigger share of service business than any other category of provider. But looked at another way, two of every three service visits are to independent shops, quick-lube chain stores, tire dealers and other competitors. The percentage of consumers who use dealerships for maintenance and repairs drops steeply as factory warranties expire. (Automotive News subscribers may access the entire article in the October 20th edition of publication.)

Source: Automotive News

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## **ZOTYE USA SIGNS DEALERS IN 100 MARKETS**

Zotye USA, the American distributor for Chinese manufacturer Zotye Automobile, has chosen retailers in 100 markets as it plans to launch sales of its first vehicle in 2021, reports Automotive News. Duke Hale, CEO for the U.S. distributor, said the filling of the first hundred spots is ahead of schedule as it plans to have agreements signed in 250 markets prior to the launch. Eventually, the brand expects to have about 325 total locations, the distributor said Tuesday. "We're really pleased,

though not surprised, that the milestone of signed appointments for 100 markets has been reached earlier than we first estimated," said Hale. Zotye said it now has agreements for dealer markets in the top 10 states for sales, and that it has closed the recruitment process in cities such as Atlanta, Austin, Houston and Las Vegas. The first model to hit the U.S. market will be a new version of the T600 compact crossover, the company has said. It will be followed by a second utility and car in following years.

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# **Speeding Fatalities Fell 5.7% Last Year**

Roadway deaths and especially speeding fatalities fell in 2018, according to NHTSA data. Highway fatalities decreased by 2.4% last year, dropping from 37,473 lost lives in 2017 to 36,560 deaths in 2018, according to the National Highway Traffic Safety Administration.



With 913 fewer fatalities... Read more...

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# **WORKERS' COMP SAFETY CORNER**

As the weather cools, remind employees to be on the lookout for muscle pulls and sprain/strain injuries. During periods of cool weather, stretching like an athlete, besides getting help on heavy or bulky lifts, can help prevent a painful pulled muscle or even help prevent a back injury. Stretching exercises before work and even periodically throughout the day are extremely beneficial to preventing musculoskeletal injuries.

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# CYBERSECURITY MONTH; USING PERSONAL EMAIL ACCOUNTS FOR WORK

While many dealerships have implemented company email addresses using the dealership's domain name, others allow employees to use personal email addresses-or worse, are unaware employees are using their personal emails for business purposes. Here are a few reasons why that's a bad idea:

- 1. Your IT provider has no control over personal email. Those emails aren't backed up or secured using company protocol.
- 2. If personal email accounts are used to send or receive business data, what happens if that employee leaves the company? There's a good chance proprietary company or customer data will go with them.
- 3. If the employee uses their personal email account as the email address for online accounts related to work(for example, ordering dealership supplies or renewing the dealership domain), it can be difficult for the employer to recover access to those accounts if the employee leaves.

VADA recommends dealerships evaluate including a policy against use of personal emails for business purposes in their employee manuals.

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## CONVERTING ONLINE BROWSERS INTO BUYERS? CONSISTENCY IS KEY

Here's an interesting takeaway from a new survey of car-buying habits: More online shoppers are visiting websites for third-party vehicle listings companies than for dealerships. Traffic to digital vehicle marketplaces among new- and used-car shoppers rose 14 percent year over year, while the number of reported visits to dealership sites declined 10 percent, according to a new buyer insight report from CarGurus, a Cambridge, Mass., online listings firm.

That doesn't mean car buyers aren't interested in visiting a dealership. By the time they make it to a showroom - on average, they'll visit two - many have already done their homework and may be nearly ready to buy, said Madison Gross, CarGurus' director of consumer insights, who released the survey results last week at the company's first automotive conference in Boston. But she told Automotive News this week, it indicates that dealers are getting fewer chances to interact with their would be buyers before they sign on the dotted line.

The survey of more than 3,000 recent new- and used-car buyers was conducted earlier this year and was coupled with insights gleaned from tracking the digital behavior of 387 other vehicle buyers. The results showed that the share of online shoppers who use both mobile and desktop platforms as part of their research has grown. Gross said that could reflect a customer who wants to zoom in on photos on a larger desktop screen, and also browse listings on a smartphone while waiting in line at lunch. So, what do those findings mean for a dealer looking to convert online browsers into buyers?

Consistency is important, Gross said, from ensuring that the mobile and desktop versions of dealers' websites offer the same functionality and user experience, to the messaging in advertising and in person. And, she added, it is important for dealers to share their message on more than one platform for the greatest potential impact. "Make sure that you are where the eyeballs are," she said. "Most car shoppers are looking in multiple places, so the importance of being consistent from place to place - including online and in your dealership - is critical," Gross said. "Because that's how you can really build trust with these potential customers, even when you haven't had a chance to say a word to them yet."

Source: Automotive News

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"I pray this winter be gentle and kind - a season of rest from the wheel of the mind."

John Geddes

# Hopefully these tips will keep your folks safe as well.

Taking a look at winter hazards and important safety tips to help mitigate them. As winter descends upon us, a light dusting of snow can add a little magic to your day as well as a lot of hazards. Following these tips will save you many headaches and could even save your life.

**Getting to the Car** 

The most dangerous thing you do every day is likely driving, and in the winter, the risk is compounded. Just getting to your vehicle can be a formidable task, almost comical if it weren't so perilous. For vehicle entry and egress, remember to:

Wear appropriate footwear for outdoor winter weather. Bring along other shoes and put them on once indoors.

Consider wearing traction enhancing devices like Yaktrax and STABILicers.

Park in authorized or cleared parking spaces.

Avoid spaces where ice is likely to lurk.

Keep your hands free and use the door, steering wheel, or other surface for support.

Do not carry too much, and place items into your vehicle, while in a supported stance, before you enter.

When exiting, grab your items once you're out of the vehicle rather than hoisting them out with you. Take short steps at a slower pace. This helps to maximize footwear contact with the ground and keeps you more centered over your base of support.

## Winter Driving and Tire Safety

So, you've made it to your vehicle: congratulations. Maybe that has relieved a little pressure? Now it's time to think about tire safety and winter driving:

Select the appropriate tire for the conditions in which you are driving. Snow tires provide better traction in the snow than all-season tires, but they need to be changed seasonally.

Frequent inspection, regular tire rotation, and proper inflation pressure are vital for tires and vehicle performance.

Allow plenty of time for travel and familiarize yourself with weather conditions and the route you are driving, in advance, with maps and directions. Allow time to clear the snow off your vehicle-particularly snow/ice accumulation from the windshield-and always check to ensure the tail pipe is not covered or clogged with snow to prevent possible carbon monoxide exposure.

Cell phones and electronic devices need to be put away when operating a vehicle to avoid distracted driving, throughout the year and especially during winter.

Keep sand and a shovel in your vehicle in case you need to add traction to ground surfaces that are icy and dicey. Keep an emergency travel kit in your vehicle that includes the following: a flashlight, jumper cables, kitty litter or other coarse friction enhancing material, snow brush/ice scraper, warning devices, blankets, energy-boosting snacks, and water.

On the cusp of winter, mid-October to early December is a dangerous time for drivers as it's deer mating season, otherwise known as the rut. Deer are typically most active during dusk and dawn, so please pay attention to the amber caution signs placed intentionally where wildlife activity is the highest. If you see a deer crossing the road, more than likely there will be more, so be alert for more. If you are in one of the 1.6 million deer-vehicle collisions that occur each year, do not immediately exit your vehicle to check on the wounded deer. Don't put yourself at risk of being hit by another moving vehicle.

# The 2019 Edition of the annual NADA Dealership Workforce Study Report is now available for purchase.



This report is comprised of 2018 calendar year payroll data and survey responses from over 2,000 participating car and truck dealerships in the U.S. Participating dealers have been sent this report along with a custom report for their participation. Now, all dealers who wish to have the most recent statistics and analysis regarding compensation, retention, turnover and benefits can purchase this report using the link below.

The NADA is proud to provide this annual report, so dealers can ultimately use it to fine-tune employee compensation and benefits, promote retention, and stay ahead of the demographic curve. Please be sure to look for the enrollment announcement later this year to participate in the 2020 Study or you can enter your contact information here to be notified when enrollment opens: https://www.nadaworkforcestudy.com/default.aspx

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# **Younger Generations Could Provide Answer to Dealership Turnover Issue**



"Dealers can't afford to take their eyes off their employees' needs," said Bob Kostkan, senior director with <u>Cox Automotive University</u>. "With record high dealership turnover and a low unemployment rate of 3.7% as of June 2019, it's critical that dealership leaders improve productivity while also enhancing employee engagement and retention. These are controllable issues that must be addressed to maximize customer experience and profitability."

Dealerships need to act now to create a culture that makes employees feel valued and shows them they have future growth opportunities. While participating in the Cox Automotive SHIFT/Reinvent Program in 2015, John Cragg, executive vice president for the Penske Automotive Group's East Region and responsible for dozens of rooftops and thousands of employees, became aware of a blind spot - he was "delegating" when he should have been "empowering." As a result of this new awareness, he worked strategically with his HR and marketing teams to shift the focus to be more about

empowering people and giving them opportunities to contribute in more significant ways. Cragg has since seen consistent year-over-year improvement in employee turnover and satisfaction. His region now has the highest employee satisfaction scores in the company and the lowest turnover - outpacing industry averages, even for the highest performers.

In addition to empowering and engaging staff, dealerships should also invest in modern, user-friendly technology to help drive greater productivity and efficiency for employees. Having access to the latest technology is not only expected by these younger generations but required to succeed as a business in today's digital age. To get the most out of technology, dealerships must also implement ongoing training opportunities. Equipping employees with the necessary tools to help them grow their skillsets and better take advantage of new technology will create happier workers and a more optimized workflow.

<u>Download highlights</u> from the Cox Automotive's 2019 Dealership Staffing Study. <u>Find out more</u> about Cox Automotive University.

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