



DEALERPOINT

Official Publication of the Wisconsin Automobile & Truck Dealers Association | 1928-2012 | Volume 29 Summer 2012



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- DEALER POINT VIRTUAL AUTO SHOW
- SALES AND TAX USE SEMINARS THIS FALL

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**A publication of the
Wisconsin Automobile & Truck Dealers
Association focusing on the human side
of the membership and trade.**

Our Mission:

The Wisconsin Automobile & Truck Dealers Association, an organization of licensed dealers of new and used motor vehicles, is dedicated to advancing the common good of its members, consumers and their communities by promoting professionalism and prosperity through education, advocacy, information and service.



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Cover photo courtesy of
Michele Anderson Hermansen
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Virtual Auto Show

We invited *Dealer Point* readers to show off their cool rides at our Virtual Auto Show. We have entries from dealers, partners and WATDA Staff-no worries about the weather...Enjoy!

1941 Chevrolet, 1941 Cadillac 1950 Ford Convertible

Owners: Paul & JoAnne Oman,
Westside Auto, Chippewa Falls

.....▶
We take advantage of the short convertible season in Wisconsin and drive and enjoy them often. Meeting great people and seeing parts of the country that possibly we would not have without the old cars, has made this a very enjoyable hobby through the years.

1941 Chevrolet: This car was owned for many years by a childhood friend of ours who passed away and that makes it extra special to remember him this way.

1941 Cadillac: A very original car I saw in Florida about 15 years ago and asked the owner to contact me if it was ever for sale. He did about five years ago, the car required very little.

1950 Ford Convertible: This car I restored 30 years ago from a California car that had sat outside a man's garage for 13 years; it needed everything!

1953 Corvette

Owner: Robert Riley, CEO,
Sullivan Design Build, Madison WI

.....▶
Only 300 were produced in the first year. This car has been 100% restored to the original specifications by Robert and was painted by his son John. All 300 cars in this first year were white with a red interior, this is an extremely rare vehicle.

1988 Pontiac Trans Am

Owner: Pete Creamer of Sullivan Design Build

-▶
- 5.0 liter (305 cubic inches) w/ tuned-port injection
 - 215 hp, 5 speed manual transmission
 - WS6 performance package
 - T-top removable roof

This vehicle was ordered in February 1988 and I took delivery in April 1988, approximately one year after graduating from college. The car currently has 46,200 miles on it. Everything is still original, including the tires. Only the battery and spark plugs have been replaced. The car has never seen a Wisconsin winter.





1967 Ford Mustang Convertible

Owner: John Riley, President
Sullivan Design Build, Madison WI
(Associate Member to WATDA)

◀.....

- 289 V8 with Automatic
- Originally California Car = zero rust
- Owned for 15 years +
- Restored by me
- All around nice car to show, drive and have fun with.



Corvettes and Woodies

Owners: Mick, Curt and Greg Anderson
of Johnson Motors in New Richmond.

◀.....

Photo location: cars loaded on the Madeline Island Ferry on Lake Superior in Bayfield, WI.

- These 5 Corvettes are all “numbers matching,” frame-off restorations.
- Front row-right: White 1960 Corvette
- Front row-left: Green 1967 Corvette – 427 Coupe
- Back row-right: Blue 1963 Corvette – split window fuelie
- Back row-center: Red 1967 Corvette roadster fuelie
- Back row-left: White 1967 Corvette roadster

Woodies: Right car, red: 1939 Ford woodie wagon. Left car, yellow: 1951 Chevrolet tin woodie wagon. This was a California car from 1951 (thus the surf-board) until its purchase by the Andersons. Shown behind the cars are the restored 1952 and 1954 Chris Craft wooden boats they each tow.



1972 Nova SS

Owner: Terry Larsen,
Larsen Auto Center, Fredric

◀.....

Fully Documented and Original 1972 Nova SS

The exterior is original – Placer Gold

All the interior is original with the exception of the Carpet. Documentation includes the Original Window Sticker and Protect-o-Plate The car was purchased from Rydell Chevrolet in Grand Forks, North Dakota. The engine has been replaced with a GM Performance Parts ZZ 383 Cubic Inch Small Block that is designed to run on pump gas and delivers 500 horsepower and 473 foot pounds of torque.



1963 Impala

Owner: Dick Stockwell,
Rock County Honda, Janesville

1963 Impala 2 door hard top

Came to Wisconsin from a California Estate
20-30 years ago – a nice driver.

- 283 V8 engine
- 2 barrel carburetor
- 2 speed power glide transmission
- Power Steering
- AM radio
- Keystone Mags with Firestone radial tires
- Fisher Body
- Custom paint & interior



1963 GMC Pickup

Owner: LaVon Felton,
Sleepy Hollow Chevrolet Buick GMC, Viroqua

I found the truck in a rural Viroqua barn—thought it was a cool looking style. Refurbished in our Sleepy Hollow Body shop over a winter; new suspension and drive train, kept the retro, old school look that I wanted. Lots of fun to drive!



1957 Chevrolet Bel Air

Owner: Terry Larsen,
Larsen Auto Center, Fredric

I have owned this car since 1979, I purchased it
from a school teacher from Grantsburg, WI.

The interior is original. The car has 58,000 actual
miles and I love driving this car!





1973 Mustang Mach I

Owner: Dave Hudson,
Middleton Ford, Middleton

Purchased new from Middleton Ford on 6/16/73.

- One of 3,316 vehicles produced with the 351-4V engine; 4-speed trans in '73. Never been driven in the winter; stored inside for most of its life. Just turned 27,000 original miles;
- Replaced the original Aluminum 14" wheels/GR-60's with 17" KMC Venom Wheels and 255/45ZR17 tires.
- Repainted Bright Red; upgraded/replaced all suspension & brakes parts.
- New Radiator and Gas Tank; rebuilt the Engine & Heads; engine producing 400 ++ horsepower.
- Flowmaster exhaust pipes w/ new chrome tail pipe tips.
- It's loud and fast... used for taking the Family to Church on Sunday's.



1968 Chevrolet Camaro Convertible

Owner: Joe Keyes, Keyes Chevrolet, Menomonie

The 1968 Chevrolet Camaro Convertible is an SS Clone, with a built 327 ci V8 and automatic transmission. This car was a complete restoration about 1,700 miles ago.



1976 Corvette Stingray

Owner: Jim Triatik,
Sullivan Design Build, Madison

This is my 1976 Corvette Stingray. I've owned it since 1986. 350 V-8, 4-speed manual. the young lady is my daughter Zoe Triatik. She likes to shift the car and I work the clutch!

1956 Ford F-100 Custom Cab

Owners: Mike & Chris Connor (WATDA Staff)

.....▶

This 1956 Ford F-100 Custom Cab was found on a little rural used car lot in North Carolina about 35 years ago. Today it looks very little like it's original stock forest green color and runs very differently from its original 223 6 cyl. It's now powered by a '93 Mustang 5.0 L HO motor and automatic overdrive transmission. It has a Volare front end, disc brakes, power steering, and a narrowed 9" rear end. The rear of the truck is as striking as those front flames, with a mural on the tailgate and a custom wood bed. This truck was made to be driven, and not just down the street. Last year it went to Virginia Beach and back.



1948 Ford F-1 Pickup

Owners: Julie & Dave Farmer (WATDA Staff)

.....▶

1948 Ford F-1 Pickup with a '56 grille (shortened 14"), a custom box with a 289 under the hood.

This truck is actually how we met – my brother Mark and Dave belong to the same truck club. Mark introduced us (not for dating purposes, just to be polite) and three years later, I finally got Dave's attention! Our friend Buck helped us restore the body; Dave laid out the flames and Buck painted the truck all in secret from the other truck club members. We debuted our newly restored ride on our way to a show in Winona, MN to many surprised friends.



1969 Chevrolet Chevelle COPO 427

Owner: Terry Larsen, Larsen Auto Center

.....▶

Fredric A Correct Number Matching 1969 Malibu with the 9562DE COPO 427 Cubic Inch/425 Horsepower option.

This vehicle was purchased from a private party in Minneapolis, MN.





1968 Chevrolet Chevelle

Owner: Joe Keyes, Keyes Chevrolet, Menomonie

◀.....

The 1968 Chevrolet Chevelle is a car that has been in our family since 1991. It is 350ci V8 with a Muncie 4 spd manual transmission, painted in Malibu Blue with Ebony stock interior.



1968 Chevelle SS

Owner: Terry Larsen,
Larsen Auto Center, Fredric

◀.....

After seeing this car and all of the awards it has received, we just knew we had to own it. This car has received the following awards: 2008 Best in Class Duluth, MN World of Wheels, 2009 Best in Class Duluth, MN World of Wheels, 2009 Best in Class St Paul, MN World of Wheels



1986 Buick Regal T Type

Owner: Dick Stockwell,
Rock County Honda, Janesville

◀.....

Chris Thomas, our sales manager, drove this as his demo for a few thousand miles in 1986 before we sold it to a local customer. 3 or 4 years later the owner traded it back to us for a new vehicle. Same power train as Buick Grand National which came in all black.

Turbo charged Buick 231 V6 engine.

43,519 miles on it today.

Interesting that both Chris, who has been our sales manager since 1984, and the Regal are still with the dealership.



1975 Buick LeSabre

Owner: Dick Stockwell,
Rock County Honda, Janesville

◀.....

My original demo car; sold once then taken back in trade. Totally restored. Last year for the LeSabre convertible.

WISCO Cooperative

BY JOHN HACKMAN

Dealerships looking to save money on their electric bills and update their lighting can take advantage of a new program. A new 2.7 million dollar Small Business incentive program was launched July 1st from Wisconsin Focus on Energy and will run until the end of the year or until the money is gone, whichever comes first. WISCO is working with Orion Lighting, an energy saving lighting company, who is based in Wisconsin. Using the Wisconsin Focus on Energy program a business can update their lighting at a tremendous savings. The qualifications are very simple. Your facility must be less than 100 kw of power usage per month, which many dealerships are, and your facility

must be in Wisconsin. The Orion people will help you determine if you qualify with information on your electric bill.



As you have probably heard the T12 (Tubular 12/8's) fluorescent lamps are going away. In fact, this past June was the deadline for any production here in the USA. So if your dealership is still using these lamps there is no better time to act than now! You will save money now with the current program, save money long term due to the reduction of energy used with the new system, and just as important you will be amazed at the superior light quality. A few years ago WISCO changed over the lighting in our office and warehouse; the difference in the quality of light is amazing. Plus, our electric bill dropped significantly.

Why not take advantage of the incentive program to make your changeover and make your dealership more energy efficient? It will not cost a thing to find out what this new program can do for you and it all comes through your co-op, WISCO. So not only do you get the best costs, but WISCO's end of the year rebate on this as well. To check out the program call John Hackman at WISCO at 800-274-2319. ●



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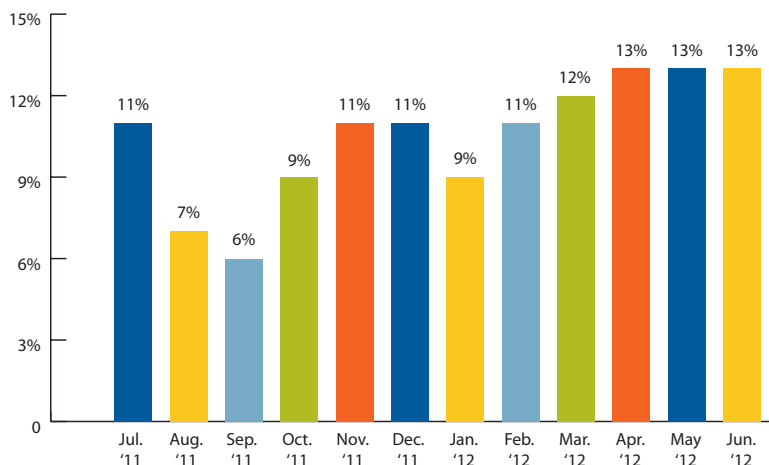


New Vehicle Sales Trends

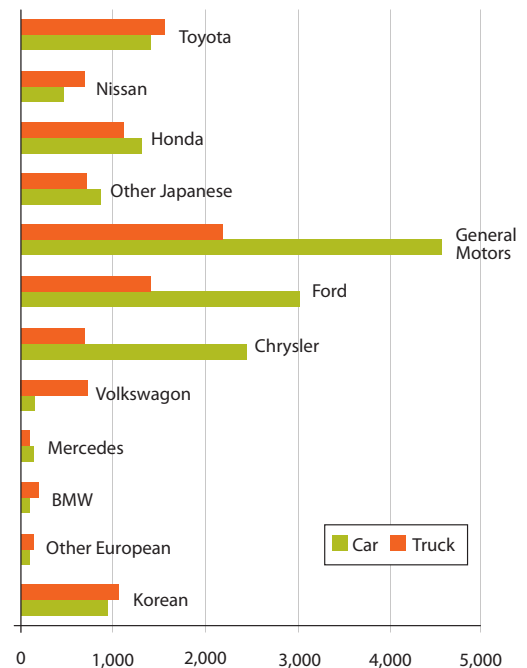
Wisconsin New Vehicle Trends: June 2012

	Previous Two Months			Year to Date			Year to Date Market Share		
	5/11 -6/11	5/12 -6/12	% change	'11 YTD	'12 YTD	% change	'11 YTD	'12 YTD	change
Industry Total	30,186	34,659	14.8%	84,765	95,624	12.8%	100.0%	100.0%	0.0%
Car	14,219	15,875	11.6%	38,173	42,691	11.8%	45.0%	44.6%	-0.4%
Truck	15,967	18,784	17.6%	46,592	52,933	13.6%	55.0%	55.4%	0.4%
Japanese	9,092	11,271	24.0%	27,283	30,572	12.1%	32.2%	32.0%	-0.2%
Toyota	3,348	4,663	39.3%	10,273	12,018	17.0%	12.1%	12.6%	0.5%
Honda	2,890	3,425	18.5%	8,459	9,171	8.4%	10.0%	9.6%	-0.4%
Nissan	1,233	1,356	10.0%	3,906	4,039	3.4%	4.6%	4.2%	-0.4%
Other	1,621	1,827	12.7%	4,645	5,344	15.0%	5.5%	5.6%	0.1%
Domestic	16,202	18,292	12.9%	45,583	51,574	13.1%	53.8%	54.0%	0.2%
General Motors	7,455	8,049	8.0%	22,122	23,396	5.8%	26.1%	24.5%	-1.6%
Ford	5,283	5,459	3.3%	14,416	15,389	6.7%	17.0%	16.1%	-0.9%
Chrysler	3,464	4,784	38.1%	9,045	12,789	41.4%	10.7%	13.4%	2.7%
European	1,864	2,087	12.0%	4,695	5,523	17.6%	5.5%	5.7%	0.2%
Volkswagen	1,067	1,202	12.7%	2,642	3,268	23.7%	3.1%	3.4%	0.3%
BMW	350	391	11.7%	939	940	0.1%	1.1%	1.0%	-0.1%
Mercedes	226	238	5.3%	516	610	18.2%	0.6%	0.6%	0.0%
Other	221	256	15.8%	598	705	17.9%	0.7%	0.7%	0.0%
Korean	3,028	3,009	-0.6%	7,204	7,955	10.4%	8.5%	8.3%	-0.2%
Other	3,028	3,009	-0.6%	7,204	7,955	10.4%	8.5%	8.3%	-0.2%

**3 Month % Change –
and view annual trend**
Compares most recent 90 days vs. same
90 day period from last year



**YTD Registrations
by Vehicle Type**



CenterStage

AWARDS, HONORS, MILESTONES

Koehne Chevrolet Buick GMC donated equipment and shirts plus \$500 to the Oconto Little League. More than 75 players and their parents attended the presentation, where hot dogs and soda were provided.

Gary Newman, Newman Chevrolet, Cedarburg was presented with the "Doerr Tradition of Caring Award" to honor his service on the Columbia St Mary's Hospital Ozaukee Foundation Board of Directors, Foundation Communications Committee and was integral to its 2011 Beyond Fundraising campaign. The award was established in 2002 to honor those who share their passion for the Ozaukee County community and best exemplify leadership, commitment to service and an unwavering philanthropic spirit. Additionally Newman has served on the Board of Directors of Applaud Cedarburg Inc., Forward Cedarburg, ADAMM, Cedarburg's Performing Arts Center, and the Cedarburg-Grafton Rotary Club and in 2009 became an inaugural member of the Ozaukee Community Council.

Mike Darrow was named president and chief operating officer of the Russ Darrow Group. Mike takes over responsibility for the daily management of all new car dealerships, which includes 23 franchises at 13 locations. A graduate of Miami University, Oxford, Ohio, Mike Darrow joined the company in 1990 as a sales associate. He also trained at the NADA Dealer Candidate Academy. During the next decade Mike was named to positions of increasing responsibility and became executive vice president in 2000.

Wilde Toyota and Toyota Motor Sales USA recently donated \$40,000 to Fisher House Wisconsin, a Milwaukee-based non-profit that is working to build Wisconsin's first facility, "a home away from home" for military and veteran's families to be close to a loved one during hospitalization. Wilde Toyota Partner Pat Donahue, who visited a Fisher House in Bethesda, MD and witnessed its positive impact, brought the project to Wisconsin. Currently there are 57 Fisher House facilities in operation across the United States and in Germany.

The Mequon Community Foundation honored the **Sommer** family with the first ever Pillars of the Community Award. Wally Jr. and Don accepted the award on behalf of their family. The Sommer Family Foundation played a key role in the construction of the pavilion at Mequon's River Barn Park, the additions of kiosks along the Ozaukee Interurban Trail and a variety of improvements at the Mequon Nature Preserve.

Smart Motors in Madison hosted an event for the Henry Vilas Zoological Society featuring Jack Hanna and his animal friends that included up close encounters with the animals and Hanna's inspirational messages to the crowd. Smart also donated a Prius for the Zoo's raffle to support animal care, conservation and education.



Glacier Valley Ford, Baraboo and **River Valley Ford in Baldwin** participated in Ford Motor Companies "Drive One 4 UR School" program. The event pays the schools \$20 for each person who takes a test drive in a new Ford vehicle, up to a total of \$6,000 per school. The money will benefit Baraboo High School and St. Croix Central High School.

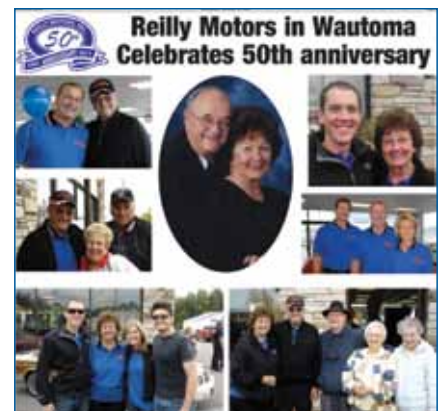
The **Russ Darrow Group** presented a check for \$5,000 to Jay Fisher, executive director of the Boys & Girls Club of Washington County. The donation was part of the Russ Darrow Toyota, West Bend grand opening celebration month. The grand opening celebration also sponsored a donation to the Greg Jennings Foundation whose primary focus is education for children.

Johnson Motors recently presented a \$500 partial matching grant from the Foundation of WATDA to the New Richmond Area Community Foundation (NRACF) which supports grants for community trails, youth and family programming, literacy and the inception of the local Heritage Center.

Waushara County Big Brothers and Big Sisters received a \$500 matching grant from the Foundation of WATDA through **Life Style Sales**, Redgranite owners Jerry and Patti Miller. Life Style's sales focus on consignment of unusual vehicles such as RV's, dump trucks and the occasional fire truck.

Iowa County Chrysler, Barneveld, was recently recognized as one of 30 dealerships nationwide for environmentally-conscious operations (ECO). The new program provides Chrysler Group dealers the opportunity to demonstrate their commitment to ECO business practices and to be recognized for their efforts.

Reilly Motors of Wautoma celebrated their 50th Anniversary in 2011. The dealership was started in 1961 by Harvey & Delores Reilly and is currently run by their sons Mike Reilly, President, Kevin Reilly, Vice President and daughter Linda Hapersett, Secretary-Treasurer.



Two Wisconsin dealerships; **Jon Lancaster Toyota, Madison** and **Wheeler Automotive, Marshfield**, were named Women Certified Top Dealerships for Outstanding Customer Experience 2011. Some of the criteria for being named to the list include cleanliness, quality of the sales experience, and women's propensity to refer that dealership. ●

From Around the State

Please send your news From Around the State to jfarmer@watda.org.

Kayser Automotive Group purchased Gordie Boucher Lincoln of Madison, and will become Madison's only dealership to offer the full line of Ford Motor Company brands. Significant improvements are planned for the dealership including a new showroom and service facility.



JX Truck Center broke ground for a new dealership in Kronenwetter that will replace the current Wausau location when it is completed. The new location has more open space and high visibility from the highway. The new facility will have 14 bays, six of which will be designed for body and service work, a wash bay and a painting bay and a 1,200 square foot retail area.

Lakeland Toyota recently completed its new dealership facility in Sheboygan. The 32,000 square foot facility will house the Toyota, Subaru and Scion brands. The current 30,000 square foot dealership, scheduled for remodeling this summer, will house the Honda and Mazda brands.

The Geiger Group and **Rhineland Honda** bought the former Ford dealership and have opened Rhineland Chrysler, Dodge, Jeep and Ram. General Manager Mark Klewer, recruited from Eau Claire, has tried to keep renovation and hiring local for better acceptance into the local community.

Russ Darrow Nissan has opened a new dealership at the Metro Auto Mall in Milwaukee. The 19,000 square foot complex features three Nissan approved electric charging stations for the

Nissan Leaf all electric vehicle, as well as a 5,000 square foot showroom, 11 service bays and two quick lube bays. Customer amenities include free WiFi, televisions, multiple lounges and more vehicle space in the showroom.

Wilde Automotive Group broke ground on May 18 for their new Honda store near East Towne Mall in Madison. Jorge Hidalgo, a former Harley Davidson executive, is partnering with the Wilde Group on this new project and the dealership will be a minority owned business. Governor Scott Walker; Alderman Joe Clausius; Brian Mixon, American Honda Zone Manager; and Lou Augello, Manager of Minority Dealer Development, were among those in attendance for the ceremony.

Baraboo Motors franchised Chrysler, Dodge, Jeep and Ram dealership has been purchased by long-time employees Tim Seiler (since 1991), Rick Schwandt (since 1995) and Peter Steinhauer (since 1999) who will now operate as Baraboo Motors Group Inc. Virtually all of the employees from Baraboo Motors were retained.

Both **Chilton VandeHey Brantmeier GM** and **Central Garage Mopar** have opened new Express Lubes at each location.

Schmit Bros. Automotive celebrated the grand opening of the Quick Lane Tire & Auto Center in Saukville, with nearly 200 oil changes over three days at a discounted price plus distributed 40 rain checks to customers because of the crowds. ●

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NADA Director's Report

BY KEN VANCE

We spent a large part of the agenda at the last NADA board meeting discussing facilities and two tier pricing. The following is a report on a portion of what has transpired since then.



treated fairly by their manufacturers. Automakers should be flexible and give all dealers an equal chance to benefit from these programs.

NADA's Response to the Affordable Care Act

NADA: Though Constitutional, Health Care Law Still Hinders Dealers' Ability to Provide Good Benefits, Jobs

New NADA Task Force Sets Vigorous Agenda on Facility Image and Stair-Step Incentives

Factory-mandated dealership upgrade programs and stair-step incentives (or two-tier pricing) are two highly-contentious issues facing many new car dealers. Some of these programs, as currently administered by the auto manufacturers, are causing confusion among consumers and disrupting business.

To address these issues with auto manufacturers, the NADA has created an Industry Relations Task Force, which set a vigorous agenda at its first meeting in June. The work of the task force is a high-level priority and has been fast-tracked.

As each day passes, NADA recognizes that dealers are reaching deadlines to make huge financial decisions about investing in their facilities. Working on an expedited timeline, the NADA task force will meet face-to-face in Washington in early August to explore all options to support dealers.

In addition, Phase II of NADA's facilities image study, which is currently underway, will analyze return-on-investment. Questions that will evaluate dealer opinions and experiences with facility programs have been added to NADA's Dealer Attitude Survey for July. The survey is conducted twice a year.

NADA policy is clear: All dealers – large or small, urban or rural – should be



In response to the Supreme Court decision on June 28 to uphold the primary provisions of the Affordable Care Act (ACA), NADA released the following statement:

"Although the ruling by the Supreme Court appears to uphold the majority of the Affordable Care Act, it remains a flawed law. Keeping and retaining highly skilled and trained employees is a priority for all auto retailers. Dealers strive to provide their employees with the most affordable health care plans available that best fit their needs. Each year, it becomes increasingly challenging for dealers to find the most affordable health insurance plans with the best coverage."

"Since the passage of ACA, health insurance costs have continued to rise, and compliance has become more complex. The resources that dealers must put toward meeting these new health care mandates prevent them from growing their businesses and, in many cases, hinder their ability to offer quality health care plans to their employees. While the decisions did not strike down most of the ACA, Congress should revisit this law to ensure that dealership employees are not forced out of employer-based health care plans."

Report: Employment at New-Car Dealerships Up 4.6% in 2011

There were 933,500 workers employed at U.S. new-car and new-truck dealerships in 2011, a 4.6 percent increase from the previous year, said Paul Taylor, NADA chief economist. The findings were released as part of *NADA Data 2012*, the association's latest state-of-the-industry report on dealership financial trends. The increase in the number of employees occurred as the number of dealerships, which had declined in recent years, continued to stabilize. In the first quarter of 2012, there was an increase of 66 dealerships on a net basis. "The arrival of new brands and new dealerships is a sign that even more vigorous competition is on the way in the U.S. vehicle marketplace," Taylor said. "As new brands enter the U.S. market, the net dealership count may increase in future years of strong economic growth."

In 2011, the average new-car dealership employed 53 workers and had an annual payroll of \$2.6 million. Dealerships also provided an average of 14.5 percent of total retail payroll in their states in 2011. Taylor also noted that "franchised dealers are major employers as well as significant contributors to their communities' economies, tax bases and civic and charitable organizations." For the full report, visit www.nada.org/nadadata.

In closing, I wish you well for the balance of 2012. I would be remiss if I didn't thank all of you who took the time to send in a ballot for my reelection as NADA director for Wisconsin. Let's hope I don't have a recall. ●

RawhideProfile

Each month a young man is selected as the Student of the Month by the staff of Starr Academy, Rawhide's private school. Winners are selected for their scholastic efforts, maintaining the high rank, helpfulness to others, and exhibiting a positive attitude.

Student of the Month: Estefan

My Rawhide Success



My name is Estefan, I am 17 years old and have been at Rawhide for four months. Some of the things that I enjoy are skiing, fishing, swimming, wrestling, football, and thanks to Rawhide, striving in my relationship with God.

The most enjoyable part of my program is working with Mr. Tony in the vehicle program at Rawhide. He has taught me many helpful skills that I can use in the future. I also have a great teacher, Mrs. Connie, who helps me understand things that I thought were impossible. She is helping me in many ways.



I will be at Rawhide until the end of June and will be returning to my high school in the fall to earn my diploma. After finishing high school, I would like to enroll at ITT Technical College in the boat mechanic's program. My hope is to gain employment as a boat repair technician and maybe even own my own boat repair and body shop one day.

Receiving the Student of the Month award is an honor. However, the credit should go to the staff at Rawhide and above all to God. Somehow, when things get too tough to keep pushing through, one of the staff or God speaks to me and says, "Keep going. You are going to make it!" It was by the strength that God gave me that I received this reward, not my own means. God is giving me the strength to become a new man.

~Estefan

The above testimonial was written by our current Student of the Month. Personal notes of encouragement are welcome.

A promotional graphic for the NADA Convention & Expo 2013. The background is a blurred image of a car's interior and exterior, suggesting motion. The text is arranged as follows:

- CATCH THE** (in small, spaced-out letters)
- momentum** (in a large, stylized, italicized font)
- EXPERIENCE** (in a bold, sans-serif font)
- 500+ Exhibits
- Bonus Workshops on Friday and Monday
- Social Connection Zone on the Expo Floor
- Dynamic Speakers
- SHARE** (in a bold, sans-serif font)
- Knowledge at workshops and franchise meetings
- Your views with peers and OEMs
- At this, your Automotive Industry Event of the Year
- NADA convention & expo 2013** (with NADA in a large, bold font)
- ORLANDO | FEBRUARY 8-11 (in a green box)
- www.nadaconventionandexpo.org (at the bottom left)

Legal & Legislative Update

BY CHRIS SNYDER

After the dust settles in November, we will know the makeup of Wisconsin Government. Whatever the outcome, there is sure to be a flurry of activity very shortly after the newly elected legislature is sworn in. At this time, WATDA anticipates monitoring and playing a lot of defense during the 2013-2014 legislative session. Below are some of the topics and issues we know we will be following.

Over the past 12 years (6 state budgets) we have experienced a budget deficit.

Budget:

The Wisconsin Constitution requires that the legislature pass a balanced budget every two years. Over the past 12 years (6 state budgets) we have experienced a budget deficit. In Walker's 2011-2012 budget steps were taken to restructure certain built in expenditures in hopes of correcting a "structural" deficit. A structural deficit occurs when existing expenses are greater than projected revenues, if all expenses, revenue sources and formulas stay the same. Between now and the end of 2012, we will find out if Wisconsin's economy can drive enough revenue to cover the existing expenses.

In the last budget a proposal was adopted wherein 50% of all sales tax revenues from the sale of motor vehicles and motor vehicle repairs are to be designated to the transportation fund. Currently, the revenue sources for the transportation fund are motor vehicle title and registration fees, fuel taxes and now the piece of the sales tax revenue. While we support the concept of segregating and not raiding the transportation fund for other programs, we are leery that increased expenses of road and bridge building will out pace the current revenue sources.

Some of the other sources being discussed are, increasing current title and registration fees, switching to a value-based registration fee system, Vehicle Miles Traveled (income tax), tolls, capturing all sale tax revenues from the sale and

servicing of motor vehicles and eliminating the trade-in sales tax credit.

As is typical, there will be unforeseen issues that arise in the budget that may also need to be addressed.

Franchise Law:

Last session WATDA pursued significant amendments to the Wisconsin Motor Vehicle Franchise Law. It was a long, arduous and expensive battle. Under the current political climate in Wisconsin, the manufacturers have an air of empowerment and WATDA will have to keep a close eye on all legislation moving through the system to ensure that nothing sneaks through.

Two items of particular interest regarding the franchise law are motorcycles and the lemon law.

Motorcycles:

During the past Franchise Law battles, Harley Davidson came late to the party, but they were able to successfully parlay their high visibility, manufacturing and world-wide headquarters presence into a formidable block to our legislation until we agreed that motorcycles would not be a part of any of the amendments. The result is a mess of disclaimer language prefacing each section of the statute that was amended.

During the legislative process a majority of the Harley Davidson dealers in Wisconsin joined WATDA. WATDA staff then met with the Wisconsin Harley Davidson Dealers Association to discuss the motorcycle dealer situation regarding the franchise law. The end result of that meeting was a consensus that they want to be subject to the same laws as the auto and truck dealers with regards to the 2011 amendments.

During the legislative process a majority of the Harley Davidson dealers in Wisconsin joined WATDA.

WATDA will be working with the Harley dealers to sort through their issues with the manufacturer.

Lemon Law:

Wisconsin has one of the most punitive lemon laws in the country. In a recently published case, the Wisconsin Supreme Court issued a ruling that cost the manufacturer \$482,571.66. The attorney's fees were \$301,707, and the vehicle owner was awarded \$117,285.06. While the court downplayed the issue of the exorbitant fees and published the statement that, "the Lemon Law is hardly fertile territory for fortune hunters," it is reasonable to assume that the manufacturers don't agree. Frankly, if a reasonable person read the decision they would likely conclude that it was utterly absurd.

Wisconsin has one of the most punitive lemon laws in the country.

In fact the jury found in favor of the manufacturer, but the trial judge threw out the jury's finding and the Supreme Court upheld the trial judge's decision. Notwithstanding this case, the penalty formula built into the current statute has been a bone of contention with the manufacturers for decades.

Depending on the makeup of the legislature, it is possible that the manufacturers will try to amend the law to bring it more in line with other states. Under the Lemon Law (218.0171), dealers are shielded from liability because the alleged claim is made against the manufacturer. WATDA will be vigilant to make sure that if any amendments are made to the Lemon Law, the dealer's protections stay in place.

License Plates:

A topic that has come out of the DMV Advisory Committee is that the current license plate weight classifications could use some reconfiguring to better apply to current motor vehicles being sold. In discussions with Senator Jerry Petrowski (R-Marathon), who chaired the Assembly Transportation Committee last session, stated that there was a bill to rectify the situation, but it died in Committee. WATDA will be working with DMV to

revive a bill that works for DMV and vehicle owners.

Right-to-Repair:

This is an issue that has come before Congress a number of times and is now working its way through the Massachusetts legislature. This proposed legislation is being pursued and funded by the after-market parts industry. They are using the independent repair shops as a cover. They are seeking the right to have access to all repair codes from all makes and models, compiled and accessible on one system. After years of lobbying Congress unsuccessfully, they have taken their battle to a very liberal state in hopes of getting it passed. The theory being that it only takes one state to fall and the information is then accessible. The fear by the manufacturers is that this will open the flood gates to patent infringement and reverse engineering.

In July, they finally broke through a wall of defense in Massachusetts. Despite the skilled and tenacious efforts of the Massachusetts State Automobile Dealers

Association (MSADA), the right to repair lobby maneuvered the system through that state's Parliamentary procedure to get their issue on the November ballot as a referendum. Unfortunately, but as usual, the dealers were on the front lines absorbing hideous attacks on their repair facilities as a way to drum up public support for "Joe's Garage" to have unfettered access to ALL repair codes; all accessible from one portal.

In an all-out effort to save some sanity and dealership repair shop investment, MSADA brokered a deal between the right to repair lobby and the manufacturers. Unfortunately, the deal was cut so late that the referendum will still be on the November ballot. Now all of the parties that have been warring at the Massachusetts capital for years on this topic are going to try and convince the voters (who have been all ginned up to vote yes on the topic) to now vote no in November.

The after-market parts lobby is alive and well in Wisconsin. WATDA will be watching all legislative initiatives to prevent this type of legislation from going uncontested.



REGULATORY ACTIVITIES

DMV:

The upcoming year will be one of change and growing pains with DMV and WATDA is ready to help and facilitate in any way possible. In July the title to lien holder system began to be implemented along with electronic titling. There is some consternation and probably indigestion from dealers and the public. However, in the long run the system will assist in smoother transactions for dealers.

DFI:

Last year DFI contacted WATDA regarding an issue they were encountering regarding the proper disclosure of acquisition fees in lease transactions. We were able to work together on a solution. This dialogue opened the door for discussions on the use of GPS tracking devices and ignition cut-off switches. WATDA is continuing to work with DFI on these topics to find definitive and workable solutions for the use or prohibition of these products in Wisconsin. ●



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Tribute

One of Foundation's Original Board Members Passes

Loraine E. Schuffler

Loraine E. Schuffler who was appointed to the first Board of Directors of the Foundation of WATDA passed away on July 20, 2012, at the age of 89. Sister of the late Gaylord (Shirlee) Schuffler. Aunt of Wayne Schuffler and Lynn (Roger) Gruebling. Great-aunt of Sara (Joseph) Nencka and Amanda (Carl) Obradovich.

Loraine devoted a lifetime of service to the automobile industry. She was executive secretary to the late Glenn L. Humphrey of Humphrey Chevrolet in Milwaukee, Wisconsin. In 1986, she became president of Glenn Humphrey's Foundation and later the Glenn and Gertrude Humphrey Foundation. In 1990, Loraine was the first woman, in Concordia University's 110 year history, to be elected to the schools board of Regents. Loraine joined the Foundation of WATDA board in 1992 and served us until 2002. Her efforts in the Charter Founders campaign formed the financial basis for the Foundations long-term endowment. She also served on numerous other boards and foundations.

Harold Koeffler

Harold Koeffler, who owned Koeffler Chevrolet in Mukwonago for decades, died April 25 at age 100.

Koeffler was involved in numerous community organizations and efforts, including membership of the Mukwonago Kiwanis and Kiwanis Foundation Board, the Mukwonago Library Board, Shriners, 32nd-degree Mason, Scottish Rite and Mukwonago Chamber of Commerce. He was a member of Cousin Otto's Clown Alley under the name "Wheels." He was the Waukesha Coin Club's oldest member, attending his last coin show and negotiating sales last month.

He loved to travel, and visited every continent. He was an invited member of the first USA business delegation to

China, walked on Antarctica icebergs at age 82 and explored Iceland at 92.

WATDA President Emeritus Gary Williams adds:

Harold was a "show up" guy for WATDA. He had a special relationship going back to his beginnings as a dealer and his friendship with pioneering WATDA president Louis Milan. Unless he and Char were traveling the world, or he was in a clown parade, Harold was at any meeting called. We could count on Char and Harold being at every convention, and with a warming grin.

I was amazed to get a call at home one day last fall from Harold. He said that he was turning one hundred years old, and he asked if I would come to his birthday party. Yes! What a treat it was. When I arrived and went to shake his hand, I congratulated him on hitting the century mark, and the first person I have ever met to reach that age. Another guy standing next to Harold and obviously from the clown fraternity said, "What's the big deal? I am 103!"

I recall Harold telling a group of listeners that he has been in nearly every country on earth. Every place was interesting, and coming home was the best.

Harold's new home is Heaven, and I will bet that he has already had a one-on-one with God, and asked if there is anyplace he has not traveled to, and Harold would be happy to make the travel arrangements and go along.

Elaine Vetesnik

Elaine Vetesnik of Richland Center died June 11, 2012 following a courageous battle with pancreatic cancer. She married George Vetesnik on October 20, 1956 in Illinois. She worked as a dental assistant for several years before staying home to raise her family, which was very important to her.

In 1974 Elaine and her family moved to Richland Center to pursue the dream of owning their own auto dealership. Elaine worked in the dealership for 37 years, becoming president of the company after

George's death. The business is owned and managed today by their sons George and Gregg.

Along with the business, Elaine's life revolved around her children and grandchildren. She enjoyed traveling with her husband, family and friends visiting many destinations around the world. She loved the outdoors and enjoyed walking, snowmobiling and gardening. Elaine was also an active board member of the UW Richland Campus Foundation.

Survivors include her children, George Jr. (Cyndie), Debra (Tim) Jackson, and Gregg (Sue), all of Richland Center, nine grandchildren and one great grandchild; her mother, brother, sister and many nieces and nephews.

She was preceded in death by her father, husband George and an infant son Daniel.

Herbert Robert "Bob" Dearth

Bob Dearth of Monroe age 79 passed away June 15, 2012. Born in rural Lafayette County, he moved to Monroe with his mother the late Mrs. Nellie Dearth in 1943 and graduated from Monroe High School in 1950. He married Shirley Hornbeck on December 1, 1956, and she survives him. Bob had four children, Laura Huston, Sandra (Walt J.) Rufener, Roger Dearth, and Linda (Kevin) Palmer; and five grandchildren.

Bob enjoyed a lifetime in the automobile business at Dearth Motors, first with his brother Joseph, and then his nephew and dear friend Charles "Chuck" Dearth, but in business, the Dearth "family" extended to the hundreds of dealership employees over the decades. Bob was a member of St. Victor's Catholic Church, the Monroe Chamber of Commerce (president in 1969), the Jaycees, the Monroe Country Club, the Alpine Curling Club, the Moose Lodge and the Knights of Columbus. For their 50th wedding anniversary in 2006 they hosted a party for 350 local needy children, including not just a day of fun, food and entertainment, but also a new warm winter coat for each child. ●

World Competitor and Student of a Lifetime

BY GARY BEIER

Kieron Kohlmann a Wisconsin AYES graduate, aspiring ASE Master Technician, Skills USA 2010 national automotive competition winner, and now United States representative to the 2013 Skills USA world finals.

What drives this personable, young technician? Kieron describes it as a combination of sharing dad's hobby and his experience with Racine Park High's Automotive Youth Educational Services (AYES) program. He says, "Mr. Dixon took it from a hobby to a career for me." And Kohlmann is certainly moving forward on his career goals. He is currently a Sophomore at Ferris State University in Michigan, studying Automotive Engineering. He already holds certificates in all nine ASE professional standards. When we talked, he was just a few days away from completing the L-1 standards testing for his Automotive Service Excellence (ASE) certification.

He couldn't emphasize enough about the value of his education, both high school and college. "Education is very important and what Mr. Dixon teaches is valuable," said Kohlmann. Part of his college class load includes four hours per day, five days per week in an automotive service line, which brings the realities of the business right into his everyday routine. One of the key elements in his college automotive experience has been their focus on the importance of personal integrity in customer relations.

On another avenue of experience, Kieron says, "Contests are a huge learning experience. You meet professionals from all over the world." He will most certainly be doing just that as he represents the United States in the 2013 Skills USA world finals. His practicum for this event begins this year with a series of written exercises and workshops that take place this summer in Kansas City. Watch for more on Kohlmann as we follow his path to the big event, in Germany next year.

Kieron Kohlmann certainly seems to be the promise of the future in our industry and his AYES instructor, Dave Dixon agrees, "It is a dream to work with him. He's the student you wait a whole career to find." ●



*Top: Kohlmann with original sponsors Bill Martin Sr. & Jr.
Bottom: Kohlmann visits Racine Park AYES students*


SkillsUSA®

Racine Park Team Wins the 2012 Ford AAA Auto Skills Challenge

Ryan Herman and Zachary Rosenquist from Racine's Washington Park High School won a statewide, hands-on auto skills contest May 10, earning them scholarships to the Ford ASSET (Automotive Student Service Educational Training) associate degree program at Milwaukee Area Technical College's Mequon Campus, as well as a free trip to the national finals in Dearborn, Mich.

Top student auto repair technicians from 10 Wisconsin high schools squared off in the contest at MATC's Mequon Campus. Teams of two seniors or juniors raced the clock to fix problems planted in Ford Motor Company vehicles. Hertz Rental Corporation supplied ten 2012 Ford Fusion I-4 SELs bugged with identical defects.

The team of Dustin Westphal and Jordan Kreutzer of Grafton High School placed second; and Chris Allen and Jimmy Walker of McFarland High School took third.

This competition attracts a good-sized number of spectators. Among them this year were Jane and Tom Allen, parents of Chris Allen of the McFarland High AYES program. Tom said, "It's fun watching Chris do things that we don't know how to do ourselves."

"This is a great opportunity for the kids to see what they can do by competing with the best." ~ Troy Kumm

This competition capped the state finals in the 19th annual Auto Skills Challenge, sponsored by Ford and the American Automobile Association (AAA). Teams earned points for the speed and quality of their work. Finalists were selected based on a Wisconsin Department of Public Instruction exam. Test scores and hands-on performance were used to determine the winners.

Contestants from the following high schools also participated: Badger (Lake Geneva), Chippewa Falls, Gale-Ettrick-Trempealeau (Galesville), Oregon, Portage, Stoughton and West Allis Central.

Troy Kumm, automotive instructor at Portage AYES said, "This is a great opportunity for the kids to see what they can do by competing with the best.

The Ford ASSET Program, offered by MATC in partnership with Ford and Ford-Lincoln dealerships, leads to a two-year associate degree in automotive service technology.

Roy Hinz, Director of Public Affairs for AAA said, "Ford, MATC and Hertz are great partners in this event." Rick Elliott, Technical Support Operations Manager at Ford Motor Company stated, "We enjoy being a part of this competition. With the way technology has changed on vehicles, we need young talent." ●



Washington Park Instructor Dave Dixon and the 2012 Ford AAA champs.



Dave Dixon, Kieron Kohlmann, Jeff Dowd & Park High AYES students.



McFarland AYES team and Instructor Dan Klecker at Ford AAA Competition.

2012 Summer Teachers Training Institute was a Success



Summer Institute Opening Address



UW Research Tour



Electronics Class

Just ask the 70+ attendees what they thought of this week-long program and you'll get some very positive responses.

The Foundation's Teachers Institute series began in the Summer of 2000 when we recognized that the need for certified training was expanding, while the publicly-funded resources to provide it were shrinking.

Our Team Wisconsin education consultants came up with the concept of summer school for transportation technology teachers, which could provide them with their required professional certification tools namely: meeting with industry representatives, new curriculum elements, safety standards, new technology and links to classroom and student resources.

The 2012 Institute was hosted by Madison Area Technical College from July 9th through the 12th. Its major focus was the new training standards set by the NATEF division of Automotive Service Excellence. These new standards focus on the changing service environment at dealerships, with a three-tier approach to the eight original certification elements that technicians need to gain ASE master certification. The 2012 Institute is considered to be the first program in the nation to provide teacher training for these standards in North America!

Our sincere thanks to our major program sponsors this year – Madison Area Technical College and the Wisconsin Department of Public Instruction. They were joined by:

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"If You Have the Training – Go for It"

That's the advice that Brett Moegenberg, one of our 2008 scholarship recipients, has for automotive technical students who want to follow in his footsteps. He is a Ford Asset program graduate and a Foundation scholarship recipient who parlayed his home and school experience into a promising career. "I learned that I had a skill that I wanted to develop," said Brett in discussing how he got into the business.

Moegenberg is completing his fifth year with the Ewald Hartford Ford. He started there as an apprentice in the ASSET program. With encouragement from his high school automotive instructor, Carl Hader at Grafton's AYES program, Brett has built a solid base of experience for himself and he is on track to become a Ford Senior Master Technician in 2013.

Brett had quite a bit of advice to offer aspiring technicians. "Learn to work in the heat and keep your cool when solving problems." He says, "Technology is changing all the time, you have to keep up with it. Don't be afraid to get your hands dirty in the process."

Ewald Ford Service Director, Tim Frank said, "Brett is the perfect example of why we support the Foundation and the ASSET program."

Brett Moegenberg's career history provides another great example of how the Foundation of WATDA scholarship program helps promising automotive technical students turn their education into careers that provide long-term benefits to themselves and our industry as well. It is a win-win investment that you can't afford to pass up. ●



The
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WATDASI
Forms & Products

Power Of Attorney form revised

MV2690 2012 revision is compliant with Wisconsin DMV's requirements as a title-to-lien holder state. It is required any time a trade-in vehicle's title is held by a lien holder. Step by Step instructions can be found on watdasi's website.

Lien Release within 10 days using WATDASI's #5 "Request for Lien Release"

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Bad Debts May Not Be So Bad After All – If You're Careful!

BY: BAKER TILLY VIRCHOW KRAUSE, LLP

Sales and Use Tax can be a significant problem area in dealerships, resulting in painful audits and thousands of dollars forfeited. Make sure your dealership is aware of current laws and practices in Sales and Use tax. Attend Baker Tilly Virchow Krause, LLP and Wisconsin Automobile & Truck Dealers Association's Sales and Use Tax Seminar. This seminar, sponsored by Baker Tilly Virchow Krause, LLP, will provide up-to-date, detailed instruction for your dealership's Office Managers, Controllers and accounting staff.

Unfortunately it is a reality of business that not all customers are going to be able to pay and the sales made to those customers will eventually need to be written off as bad debt. However, there is a silver lining to this black cloud. WI Admin Code 11.30(2)(b) allows a deduction to the seller of any amount of bad debt that was written off as uncollectible and qualifies for a federal

income tax deduction, assuming the original sale was taxable and the related sales taxes were remitted to the state. Furthermore, the seller does not need to file an amended sales tax return for the period of the original sale but can claim the deduction on a sales tax return during the taxable year in which the sale was specifically written off for income tax purposes.

We find that bad debt deductions are often missed because when a receivable is ultimately written off the corresponding benefit of being able to claim a sales tax deduction is either unknown by the individuals that wrote off the bad debt for income tax purposes or the act of capturing the bad debt deduction has not been incorporated into the sales tax return compliance procedures. Therefore, we recommend that as part of the process of preparing the sales tax returns a procedure be put in place to identify any receivables that were specifically written off and will be taken as a bad debt deduction on the federal income tax return. This procedure should be done periodically throughout the year but at the very least it should be done as part of the process of preparing the last sales tax return of the calendar or fiscal year.

Dealerships often have an additional complication when it comes to taking the full WI sales tax benefits of their bad debts. Often for financial, legal and other tax reasons dealerships will put in place a finance company to further sales of vehicles, trucks and related items to their customers while also receiving additional interest income from helping their customers finance these purchases. Usually the arrangement is that once the dealership sells the vehicle, the related financial contract/receivable is sold to a related finance company at a discount. The finance company then earns the interest on the financing of the vehicle and takes the risk of loss on the receivable if the customer ultimately can't keep making the required payments.

The unfortunate complication with these financing arrangements is when it comes to claiming the bad debt deduction for WI sales tax purposes. WI sales tax law generally only allows the bad debt deduction to the taxpayer that made the original sale (i.e. the dealership). Once the receivable is sold by the dealership to the finance company the dealership will not be incurring any potential future bad debt on that sale. It is the finance company that has taken on the risk of the bad debt. If the receivable does go bad and the finance company has to end up writing off the sale as a bad debt, the finance company will not be able to claim a bad debt deduction for sales tax purposes because the finance company did not sell the original vehicle or taxable item that created the receivable in the first place.

There is an exception where a bad debt deduction may continue to be taken even when the receivable has been sold. WI Admin Code 11.30(2)(e)2 provides that the dealership can claim a bad debt deduction even if it has sold the receivable if both of these conditions are met: 1) risk of loss has been retained; and 2) the receivable was not sold at a discount. We were able to assist one of our larger dealership clients to restructure their financing arrangements in order to take advantage of this exception, which



helped save hundreds of thousands of dollars in Wisconsin sales taxes. Here is a summary of those planning steps. However, please be cautious before trying to implement something similar for your business. There are many financial, legal and other tax considerations that may be impacted so make sure to take all proper due diligence before implementing a similar restructuring plan.

In our situation the dealership sold used cars under installment contracts. The installment contracts would be sold to a related or sometimes unrelated finance company at a discount. Under this arrangement if the installment contract became bad debt there would not be any sales tax benefit. The finance company was not the taxpayer that collected and remitted the sales taxes and the dealership is not eligible to claim the bad debt deduction because it sold the receivable at a discount which violates the conditions of WI Admin Code 11.30(2)(e)2 as discussed above.

The solution in this situation was to create a new related service/financial company ("Servco"), which needed to be a legal entity that was separately respected for federal income tax purposes. Servco could not be a single member limited liability company or qualified subchapter S subsidiary owned 100% by the dealership because beginning on July 1, 2009, WI disregards such entities in the same way those entities are disregarded for income tax purposes. Servco is a two-member LLC which is taxed as a partnership for federal and Wisconsin income tax purposes. Servco will have its own employees to handle the general and administrative services it will provide in relation to the installment contracts.

Dealership then sells their used car installment contracts with recourse and at full face value to Servco instead of the related finance company. This preserves the bad debt deduction for Dealership because the contract is sold at face value

and they retain the risk of loss. Servco then turns and sells the installment contracts to the related finance company at a discount, with the risk of loss still being retained by the Dealership. This last step preserves much of the original tax, financial and legal benefits of the original handling of the installment contracts. The main difference is that Servco realizes the income tax deduction due to the discount instead of Dealership, which is not an issue because the companies are all related but Dealership can now claim bad debt deductions for sales tax purposes that were previously unavailable.

Therefore make sure to take advantage of a bad situation and take advantage of the WI sales tax deduction for bad debts. Please make sure to consult your appropriate advisors if you feel some restructuring of your company's financial arrangements may be beneficial. ●

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