BULLETIN

COLORADO AUTOMOBILE DEALERS ASSOCIATION

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Colorado Automobile Dealers Association

About Our Association

Representing the franchised new car dealers of Colorado

The Colorado Automobile Dealers Association (CADA) is the voice of the automotive retail industry throughout the state. As the automobile dealer trade association, CADA advocates issues of importance to the auto industry, Colorado auto dealers and Colorado's driving public.

The Denver Automobile Dealers Association started in 1914 to operate the annual Denver Auto Show which dates to back 1902. Colorado Automobile Dealers Association soon followed and both associations operated together with shared staff and a headquarters building. In 2010, after almost eight decades together, the two associations became one. The history now dates over 108 years of high level automotive and mobility impact.

Today, our dealers range from small family-owned dealerships, to nationally operated, multiple franchise corporations. CADA represents a united front for over 300 new car, truck, motorcycle and RV dealers. From local, state and federal policymakers, to the public and the media, CADA is the voice for Colorado's auto industry.

Matthew Groves
CEO

Embracing Complexity

When we talk about how CADA can influence policy, it's easy to let our minds zero in on the legislature. The legislative process is simplistic and sexy. It takes no expertise, just experience and influence. It calmly cruises 30,000 feet over the devastation its impact leaves on the front lines of Colorado. On the other hand, it also allows legislators the dopamine rush of passing a bill without requiring them to get knee-deep in unintended consequences or economic costs. Almost every bill comes with an explicit or implicit mandate to one of the Governor's executive agencies to 'undertake an appropriate rulemaking' to delineate how they will enforce the political mandate the legislature has just tasked them. The legislators get to wash their hands of it and trumpet their accomplishments to constituents.

But ask an analyst or a lobbyist about the impact of any bill and you will get the same cliché answer – the devil is in the details. And the details are never in the bill. It's only after the legislature adjourns sine die in May that we begin the grinding and pedantic process of rulemaking. This is the execution phase on how to carry out marching orders. It is much more an art than a science, but ironically, it's carried out by bureaucrats who are much more scientific than artistic. Still, administrative rules must play within the sandbox that the legislature loosely defined. You cannot use a rule to undo legislation, only define it in the light most favorable to you.

We typically use this Bulletin to give you a high-level overview of rules on the horizon. Some we feel like we can kill – or at least severely blunt their effects. But, given the makeup of the state government, the bankroll of the environmental advocates, and the Court order that denied CADA standing on air quality rules, we must embrace diving deeper and out-policy-ing the experts if we are going to have any chance at mitigating the economic damage.

Therefore, the articles that follow are going to be incrementally more in-depth than usual. For those of us who are accustomed to spending hours in windowless rooms trying to find needles in regulatory haystacks, this feels like our moment. But, like any effective grassroots effort, if we cannot effectively (and succinctly) communicate this complex message to the masses, then the likelihood of swaying the Air Quality Control Commission is low.

Clearly, the real impact of a rule is in its substance. But, just as important as substance, is procedure. The one guideline that compels rulemaking agencies is the Colorado Administrative Procedures Act (APA). While it is next to impossible to defeat a rule that is simply bad policy, it is conceivable to kill a rule in the courts that violates these procedural rules. Getting this right is why the rulemaking process takes at least 90 days from start to finish.

With some exceptions, here are the steps that will apply to both Regulation 20 and Regulation 28 this fall:

1. The Air Pollution Control Division – a government agency – requests that the Air Quality Control Commission – a civilian oversight board – make a regulation, pursuant to the authority delegated to them by a legislative bill.

2. If the Commission votes to approve (and they will), they publish a Notice of Professional Rulemaking (NPRM) in the 'Colorado Register' to provide notice to all parties of the timeline. This will contain a draft rule that the Division is proposing the Commission adopt.

3. Any organization that wishes to participate will submit an application for party status. So long as the interest is legitimate, the application is almost always accepted.

4. The Commission appoints a Hearing Officer who holds a Party Status conference for all parties to meet each other. After all, this is a collaborative process.

5. Upon request, the government will produce both a cost-benefit analysis and a regulatory analysis. These documents state the goal that the rule addresses, how the rule achieves the goal, the likely costs and benefits of adoption, and the authority under which the rule is made.

6. Each party creates a Pre-Hearing Statement, stating their concerns with the proposed rule, suggestions for improvement, the validity of the analysis, and predicts likely outcomes. It also names each party's witnesses and requests time in which to make their case to the Commission. A party has the option of suggesting an alternate rule, so long as it falls within the confines of the statutory delegation of power.

7. Parties are given time to read the other parties' pre-hearing statements and issue rebuttals.

8. There is time for lawyers to make a variety of procedural motions. These motions inevitably fail.

9. The Commission proceeds to a 3-day rulemaking hearing, providing time for public comment and each of the parties' arguments in chief. At the conclusion of the hearing, the Commission votes on whether to adopt the rule, subject to any revisions made during the hearing.

10. After the rule is adopted, there are two ways to stop it from taking effect. First is to file a lawsuit, either in the Denver District Court, or alternatively, the US District Court for the District of Colorado, to try a federal issue such as a contradiction of US Code or the Constitution. The second is to approach the legislature to reject the rule, as all administrative rules are compiled into a bill that goes before requiring approval in the term following its promulgation. If you have reached this stage, the outlook is increasingly dim.

You may remember these steps from the 2019 fight against the adoption of California's Clean Car I (ZEV) rule. This is the framework by which we will discuss this year's proposed rules.

Matthew Groves
CEO

Investing in Organic Growth

With a board that experiences 33% turnover each year, one of the best ways to track progress and set goals for future years is to provide a theme for each year. Not only can it help define the accomplishments of the year past, but it also leaves some flexibility to adjust course for when future goals are a moving target. Whether COVID, inventory shortages, or union strikes, there are always elements of unpredictability sidetracking long-term objectives. Thematic progress helps to align tactics to strategies and keep the Association directionally correct as it navigates around the unavoidable.

In the transition of leadership at CADA earlier this year, the magnitude of the change overshadowed an important storyline. Not only has the CADA team rebuilt within 8 months, but we are also investing heavily in our four new people. Staff have been busy at work growing into new skill sets that will solidify the Association for years to come.

For example, Khorrie Luther is pursuing her producer's license from the Colorado Department of Insurance so that she can issue bonds without a supervising agent. Dan Allison is not only leading the education and training department but will also own sponsorships and development for the Colorado Automotive Hall of Fame. When Devin Saunders begins as Government Affairs fellow in November, he will inherit the management of our critical legislative grassroots meeting program.

Each of these positions was previously held by contractors, collectively costing the Association tens of thousands of dollars each year. Growing these abilities in-house makes CADA a leaner, more efficient machine. Perhaps the starkest example of this is our decision to insource representation in regulatory hearings.

You may recall in 2018, and again in 2019, CADA made the controversial decision to hire outside counsel to represent us in the LEV and ZEV hearings, followed by a perfunctory lawsuit against the state. This two-year endeavor ended up costing CADA over $750,000. Since this time, the Association has committed to representing itself in similar hearings, beginning with the rules discussed in this Bulletin. Doing so has not only saved hundreds of thousands in legal fees, but we've also experienced better outcomes than we have in the past.

The benefit of this organic growth is that it will exist in perpetuity. Having built these capabilities into strengths, we can now exercise them at will for no additional cost. This will compound the return on our investment.

Abraham Lincoln was famous for saying, "give me six hours to cut down a cherry tree and I will spend the first four sharpening the ax." This spring's operational pause has given the team the opportunity to develop and sharpen their skills, leaving them very well-prepared to navigate the challenges of the next legislature.

Matthew Groves
CEO

Colorado Sets Out to Adopt California's Clean Car (ZEV) II Rule

During the July 2023 meeting of the Air Quality Control Commission, the Commissioners accepted a motion to adopt the second iteration of California's ZEV Rule.

California adopted a second ZEV rule because rules of this nature exist in 10-year increments. Therefore, the second rule will govern California for the years 2026-2035. This is the rule that will carry California to the widely publicized 2035 ban on internal combustion vehicles.

Adoption of this rule is tricky. The federal Clean Air Act prevents states from setting conflicting air quality standards. However, an exception in Section 177 allows a state to create one if its standard is more stringent than the federal standard and has been in existence prior to the creation of the Act. It is under this "177 authority" that 16 other states have adopted California's standard to become collectively known as "CARB States," named after the state regulatory body that curates the standard.

But with 2035 on the horizon, states are beginning to notice the practical reality of combustion bans and grow skeptical. Earlier this year, Governor Polis announced that Colorado would adopt the California rule verbatim – as the 177 authority requires. However, Colorado will not adopt the rule through 2035 and initiate the combustion ban. Instead, we would stop our rule in 2032. This would require that 82% of all vehicles 'offered for sale' on dealer lots would be electric. But it would stop short of 100%.

When Colorado made this announcement, New Mexico announced they would follow Colorado's lead. With the slowdown in production and finite critical mineral supply chains, more states will follow. This will create a schism in the CARB states and create a 'third way' to electrify transportation.

What this rule means is that Colorado will have no ZEV standard in 2026. However, in 2027, we would resume a steadily rising requirement of ZEVs offered for sale. In 2027, we'd start at 43%. 2028 would require 51%. 59% in 2029 and 68% in 2030. 76% in 2031 and finally 82% in 2032. We'd then hold at that 82% level and decouple from the California standard.

There are two things important to note. First, this is not a zero-sum game. Even the federal standard followed by non-California states is moving. The EPA recently initiated a rulemaking to move that standard to 67% by 2032. Therefore, the lower standard would only be two years behind California. The second thing is that Colorado's current market penetration of ZEVs is 13%. That number is slightly misleading because overall vehicle sales were off by almost 20,000 in 2022. Adjust for a normal market and control for those vehicles filling state and corporate fleets, and Colorado is likely closer to 10.5% ZEVs. Quadrupling that number by 2027 and increasing by a factor of 8 in seven years is going to take more than just steady growth in existing consumer acceptance.

The energy around ZEVs is flatlining. A year ago, the newest electric models were experiencing waits of between six and eighteen months for delivery. Today, most of these models are readily available on your neighborhood dealer's lot.

For the state's part, Colorado is embracing vehicle purchase incentives. The well-known federal credits offer up to $7,500 per vehicle for income-qualified purchasers and MSRP-capped vehicles. The state EV tax credit will refund $5,000 per vehicle without an income qualification and can be assigned to a dealer to lower the purchase price. An income-qualified purchaser can also trade in a 12-year-or-older vehicle for an additional $6,000 towards a new ZEV. All in, the right person can get up to $19,000 on the right car.

CADA submitted comments to the state on September 7 of this year. Unlike in 2019, when we vociferously protested and eventually sued the state over the rule's adoption, this year we work in concert with the state. What's different? Two major issues.

The core of our argument in 2019 was that the California waiver under Section 177 had temporarily been revoked by then-President Trump. Having been reinstated by President Biden, this argument evaporates. Furthermore, even though we were likely correct for that window in time, the Colorado District Court told us that CADA did not have standing to challenge the promulgation of the rule. Any future challenge would also be dismissed on these grounds prior to reaching the merits of the case.

Perhaps a bigger issue is that manufacturers have already committed to electrifying their fleets for California and other adopting states. Thus, even if we defeated the rule in Colorado, your allocations will be electrifying on account of OEM obligations outside Colorado.

Therefore, we have two options: 1) Support Governor Polis in his 2032 goal, splitting from California three years early, or 2) follow the advice of environmental advocates, lock arms with California through 2035, and a combustion ban. Not shutting the door on any option will leave room to recover in the event a full ZEV migration is not successful.

We will keep you updated as rulemaking progresses. The public hearing is currently set for October 18-20.

Energy Benchmarking for Building
(5 CCR 1001-32, Regulation 28)

As noted in the 2023 Progress Report, Regulation 28 was one of three major rules where CADA engaged. This rule was made pursuant to House Bill 21-1826 and names the "built community" as the next target of the de-carbonization campaign that began with the Governor's 2019 Carbon Action Plan. While CADA did manage to mitigate some of the damage, the Commissioners of the AQCC ultimately passed this rule on August 17, 2023.

The Foundation: House Bill 21-1286 "Energy Benchmarking"

This bill had co-sponsorship by 25 Democratic representatives and 9 Democratic Senators, meaning this was not a radical concept within the caucus. It had support from moderates and progressives alike. It had no Republicans. In function, the bill added to Colorado's Air Quality Control Act (C.R.S. 25-7-101, et al.). Its first function declared building performance a matter of 'statewide concern,' a legal phrase that the state government uses to sidestep the default proposition of 'home rule', guaranteed to cities and counties by Article IV of the state Constitution. It deprives cities of control of their own buildings.

The second goal "establish[es] a program to help Colorado citizens understand and track energy use and greenhouse gas emissions from large buildings; and develop performance standards necessary to meet state greenhouse-gas-emission-reduction goals." [C.R.S. 25-7-142(1)(i)]

The bill appoints the Air Quality Control Commission (AQCC) to determine which type of buildings would be covered, which data needed to be collected, determine the annual maximum electricity demand, and designate the Energy Star Portfolio Manager as the online resource to track and manage performance. It then exempted single-family homes, duplex, and triplex units. In other words, it answers 'who,' 'when,' and 'where,' but neglects details on the 'what' or 'how.'

The AQCC was required to mandate that building owners should report their data each year by June 1st to the Colorado Energy Office. They would access their own data via their utility company, which would publish it on a public website. Or, upon request, the utility would provide it within 30 days. This data must be maintained because the law requires that when a building owner sells or leases the building, they must provide the buyer/lessee with a copy of the last 12 months of energy usage data and list it on major real estate websites.

Perhaps most insidious and without precedent, the law required the appointment of a 'task force' to develop recommendations to provide to the Commission during rulemaking. This task force was heavily comprised of environmental advocates. It was further hamstrung by a requirement that their recommendations had to achieve a 7% GHG reduction by 2026 and a 20% reduction by 2030.

It also dictated that the task force may consider "any other publicly available building benchmarking data through which benchmarking is reported to a building benchmarking program in Colorado." To date, that data has been collected by agencies in favor of harsher emissions reduction standards.

After picking the team, prescribing the recommendations, and curating the available data, the State dictated the outcome while preserving the illusion of community engagement. It then needed a funding mechanism. Thus, it created one for the Energy Office to use to collect funds from the legislature and assign penalties for non-compliance that would be preserved for use in perpetuity.

Wasting no time, they funded this by imposing a $100 'fee' on every building owner, regardless of compliance status, for participation in the program. However, the bulk of the money would arise from civil penalties for non-compliance. Starting in 2024, $500 for the first violation and up to $2500 for each subsequent violation, which could rise to $2000 and $5000 at the Commission's discretion. But fines may not be levied on government-owned buildings.

The AQCC's Rulemaking Process

With the Rules of Engagement set, the AQCC received the guidelines from the task force and accepted a proposed rule from the Colorado Department of Public Health and Environment's Air Pollution Control Division (APCD).

Based upon that rule, almost two dozen stakeholders comprised of local governments, industry, and environmentalists made comments and suggestions for modification. Throughout the process described in the introductory article, the rule determined that it would apply to all buildings in excess of 50,000 square feet, adopted the Energy Use Index from Guidestar as the measuring standard, and delineated three pathways for compliance:

1. Repairing or replacing inefficient systems;
2. Drawing on renewable energy resources; or
3. Installing efficient electric appliances and heating and cooling systems.

Each of these methods would impact the calculation of the facility's Energy Usage Index (EUI) under a program created by GuideStar (in conjunction with NADA) to bring a dealership's EUI into alignment with the state standard for dealerships.

Available Funding for Renovations

To reiterate, these standards apply to all buildings over 50,000 square feet. Stakeholders in this rulemaking estimate that approximately 8,000 covered buildings statewide will need to make energy upgrades in order to comply. This presents two challenges: one getting buildings renovated on time for the onset of the regulation, and two finding the money for small businesses to make such renovations.

To address the second point, the Colorado Energy Offices notes that some assistance programs are available. The state of Colorado runs a High Efficiency Electric Heating and Appliances program for those choosing the third path to compliance. A Geothermal Energy Grant Program and the Colorado Clean Energy Fund focus on the second compliance pathway for renewable energy resources. Finally, the Commercial Property Assessed Clean Energy Program focuses on replacing outdated systems. We encourage dealers to check the appropriate mechanism for your chosen compliance pathway to see if assistance remains available.

Finally, we should note that the state is not alone in setting these clean energy mandates. Some municipalities set programs that go further than the state does. Specifically, the City and County of Denver are currently implementing a different program with a similar effect. The details of that program are not yet final and will be covered in a separate article.

Drive Dealership Success with Claim Efficiencies

As an auto dealership, selling cars is just one facet of your business. You're also offering F&I and vehicle protection products like vehicle service contracts and Guaranteed Asset Protection (GAP), all of which better serve customers and diversify revenue streams. Despite these advantages, offering comprehensive services can expose dealerships to increased risk. To ensure smooth operations, optimizing operational efficiencies is crucial, especially when it comes to claims processing in back-end operations.

First, efficient F&I claims processing boosts profits by reducing the time between processing claims and accessing funds. Streamlined claims processing could also enhance customer satisfaction, potentially encouraging repeat business and recommendations.

Ally Fixed Operations Consulting provides best-in-class training to empower your team to deliver an exceptional customer experience when managing factory warranty claims. The consulting process involves evaluating dealership operations, interviewing key team members and identifying areas for improvement.

In 2022, Ally paid 93% of claims within 24 hours.

Consulting services cover:

- Warranty reimbursement review
- Service drive advisor and manager training
- Financial statement analysis
- Warranty consultation to ensure compliance and reduce chargebacks

Leveraging digital tools further streamlines processes, offering ease and speed. Ally provides a fully digital portal for submitting GAP claims, complete with real-time tracking progress, available to customers anytime and anywhere.

Also, the remote claims adjudication process utilizes mobile video technology, granting flexibility with adjustable claims empowerment levels. Dealerships have the autonomy to approve claims up to a certain level, and can modify these levels based on loss experience to suit their specific program.

Prioritizing efficient claims processing, adopting customized strategies and utilizing digital tools enable you to drive you way to better business results and customer satisfaction.

ally do it right.

Great customer experiences...

Can be built into every vehicle deal

These days, everyone talks about creating great customer buying experiences. What may be overlooked is that great buying experiences start with great selling experiences.

The Cox Automotive 2022 Car Buyer Journey study found a strong correlation between the length of the buying process and customer satisfaction. It's no surprise that the longer the process takes, the more satisfaction levels decline.

By improving productivity and overall dealership operations, you can create better buying experiences that lead to increased customer satisfaction. When you put in place easy-to-use and connected technology at every step of the deal, you help move sales forward faster to please customers while also boosting productivity and therefore, profitability.

Below are three areas where dealerships can drive productivity and operational efficiency, directly tied to customer satisfaction:

DMS: The heart of the matter
When you decide to streamline the buying process for customers you have to go to the heart of the matter: your DMS.

This operational all-star is where all your customer data is stored and secured. It has to be easy to use and navigate to achieve the smooth workflows required to make buying a pleasure. A DMS that easily connects with all your systems reduces data re-entry and ensures increased accuracy to raise workflow standards and customer satisfaction.

It all boils down to efficiency. When your team can efficiently access customer information and move customers along the purchase path faster, you get more satisfied customers out the door and more profit added to your bottom line.

F&I: When every minute counts
If the goal is to speed the deal process, those piles of paperwork need to be the first to go. Nothing brings down the excitement of a new vehicle purchase faster than mountains of paperwork, a seemingly endless contract review, and a monotonous signing process.

With digital contracting and remote signing, the paper shuffle becomes an easy, digitized process that customers can even complete from home. All this saves time up front, allowing customers to review digitally, sign once, and then simply tap to append each signature thereafter. On the back end, the dealership benefits from the reduced risk of errors and elimination of missed signatures.

Another way to save time is to avoid surprises during the trade-in process. A trade-in titling solution that allows you to see title details ahead of accepting trades helps you avoid factors like undisclosed co-owners that can unwind deals and frustrate customers. Taking a trade-in with confidence and getting the title released faster also means more used inventory options for the next customers who shop your lot.

End on a high note with accurate reg & title completion
Handling each in-state customer's registration and titling process before they drive off the lot is a great finishing touch that dealerships can provide. The knowledge that you've saved your customers from standing in line at the DMV leaves a great lasting impression!

Dealerships can extend the same service for out-of-state customers with a 50-state electronic reg & title solution that calculates taxes and fees and provides the forms for any state. These solutions should include electronic checklists to ensure you collect only the information, documents and forms needed for a particular state and customer.

The Dealertrack difference
Backed by the power of Cox Automotive, Dealertrack's advanced DMS, F&I, and comprehensive registration and titling solutions connect across dealership departments to speed deals and create great buying experiences. From our deep knowledge of the retail automotive industry and its challenges to proactive system support, we have your back so you can focus on what matters most: your customers.

Schedule a no-obligation call with Brian Ekstrand, regional sales manager for Colorado, to discuss how Dealertrack solutions and support can drive operational efficiency for highly satisfied customers.

CLEAR THE AIR
FOUNDATION

Mark Ziegler
Director, Clear the Air Foundation

Accelerating Change:
VXC Program Reshapes Auto Donations

The VXC (Vehicle Exchange Colorado) program has had an enormous impact on the Foundation in the few months it has been operational. As of November 20, we have received 168 vehicles through VXC. To put that into perspective, that represents 32% of all donations for the year.

If you have new or used EVs or PHEVs on your lot, I encourage you to register for the program. There is funding for at least 10 years, so this isn't going to do anything but grow. Currently 86 dealerships are registered. If you're not among them, here's some information that will be helpful:

The State of Colorado's Vehicle Exchange Colorado (VXC) program continues to accept automobile dealer registrations on a rolling basis.

The VXC program helps income-qualified Coloradans recycle and replace their old or high-emitting vehicles with electric vehicles (EVs) by providing approved applicants with a discount on the upfront cost of an EV purchased or leased at an authorized automobile dealer.

Please visit the VXC website to learn more about the program (see the "Participating Automobile Dealers" section). If you are interested in preregistering your automobile dealership for this program, you may do so at this link. Following completion of your preregistration, a VXC program representative will contact you regarding next steps.

Finally, as we approach the end of the year, I would like to mention that donated vehicles come with a bill of sale that you can use to reduce your tax liability. Please take a moment to review your inventory and donate those clunkers **here**.

See the recap of donations from January through October on the next page.

Clear the Air Foundation 2023 Year-To-Date Vehicle Donations

DEALER DONOR	TOTAL	VXC
The Faricy Boys	18	1
Mike Maroone Chevrolet South	17	0
Mountain States Toyota	14	0
Pueblo Dodge Chrysler Jeep Ram	12	0
Dellenbach Motors	11	0
Schomp Ford	11	0
Alpine Buick GMC South	10	0
Pueblo Toyota	9	0
Schomp Subaru	9	0
AutoNation Chrysler Jeep Broadway	8	0
Emich Volkswagen	8	6
Markley Motors	7	0
O'Meara Buick GMC	7	0
Stevinson Toyota East	7	0
Summit Ford	7	0
Boulder Nissan	6	6
Johnson Auto Plaza	6	0
Schomp Honda	6	0
Tynan's Nissan	6	6
Emich Chevrolet	5	4
Groove Toyota	5	0
Phil Long Ford of Chapel Hill	5	0
Schomp Hyundai	5	3
Spradley Chevrolet	5	0
The Faricy Boys Ford	5	0
John Elway Chevrolet	4	0
O'Meara Ford	4	0
Peak Kia	4	3
Pedersen Toyota	4	4
Schomp Nissan	4	0
Steamboat Motors	4	0
Western Slope Auto	4	0
AutoNation Dodge Ram Broadway	3	0
Berthod Motors	3	0
Emich Volkswagen of Boulder	3	2
Mike Maroone Buick GMC	3	0
Perkins Motors	3	0
Phil Long Ford of Denver	3	0
Phil Long Ford of Motor City	3	0
Phil Long Ford of Raton	3	0
Phil Long Honda of Glenwood Springs	3	0
Schomp BMW	3	3
Arapahoe Hyundai	2	2
Christopher's Dodge Ram	2	0
Dave Solon Nissan	2	0
Ferarri of Denver	2	0
Fort Collins Chrysler Dodge Jeep Ram	2	0
Groove Ford	2	0
Groove Mazda	2	0
Hellman Motor Company	2	0
Morehart Murphy RAC	2	0
O'Meara Volkswagen	2	0
Red Rock Nissan	2	2
Schomp Mazda	2	0
Sill-Terhar Motors	2	0
Subaru of Loveland	2	0

Subaru of Pueblo	2	0
Audi Denver	1	0
AutoNation Chrysler Jeep Arapahoe	1	0
Bighorn Toyota	1	0
BMW of Loveland	1	0
Castle Rock Ford	1	0
Durango Motor Company	1	0
Emich Kia	1	1
Freeway Ford	1	0
Grand Junction Chrysler Dodge Jeep Ram	1	0
Groove Subaru	1	0
Honda of Greeley	1	0
Jaguar Lakewood	1	1
Jaguar Land Rover Flatirons	1	0
Larry H Miller Nissan 104th	1	1
McDonald Volkswagen	1	1
Mike Shaw Subaru	1	0
Peak Kia North	1	0
Phil Long Glenwood Springs Subaru	1	0
Phil Long Hyundai of Chapel Hills	1	0
Phil Long Valucar	1	0
Polestar Denver	1	1
Schomp Mini	1	0
Stevinson Chevrolet	1	1
Stevinson Toyota West	1	0
Turner Automotive	1	0
Tynan's Volkswagen	1	1
Valley Nissan	1	1
DEALER TOTAL	**325**	**50**

OTHER		
Fort Carson	59	0
Tesla Aurora	37	37
Private Donation	14	0
Pikes Peak State College	9	0
Tesla Colorado Springs	8	8
Tesla Loveland	6	6
School of Mines	2	0
SRT	1	1
Warren Tech	1	0
OTHER TOTAL	**137**	**52**

GRAND TOTAL JAN - OCT '23	**461**	**102**

GoTo Connect

A Flexible Phone System for Every Dealership

GoTo Connect combines power and reliability to provide audio and video conferencing into one simple, fast, easy-to-use solution for your dealership. Effortlessly talk, chat, text and meet – all through the same application. Check out how GoTo Connect can power your dealership's communications across every department from sales floor to customer service.

Sales
Answer business calls and texts, give live video vehicle tours, pull analytics, and gather customer data from your cell phone.

Overhead Paging
Deliver announcements to the right people from your desk phone. Integrate with existing paging systems.

BDC
Never miss a lead, instantly track missed calls, view reports, send SMS messages, and display real-time metrics.

Campaigns
Order custom phone numbers for sales campaigns. Use call reports to track campaign performance.

Service
Use texting to send service updates and pickup notifications from the dealership's number.

Receptionist
Screen calls, check staff availability, and easily route calls to the appropriate department.

GoTo Connect integrates with the solutions you rely on for more efficient workflows and better customer interactions.

> "Our previous solution had a very steep learning curve, requiring a lot of experience and training to adequately manage, and it wasn't user friendly. With GoTo Connect, it's amazingly powerful yet so simple at the same time. Anyone can be trained within a couple of hours to handle most day-to-day tasks."
>
> **Michael Dalley**
> Infrastructure and Operations Manager,
> Larry H. Miller Dealerships

Interested in learning more?

Get in Touch

LB Telecom | 303-875-5357

Getting the most from F&I takes transparency – and training.

One hot topic for dealers is whether the traditional path to purchase, which ends in the F&I office, might be less valuable for both the buyer and the dealership than talking upfront about things such as affordability, financing options and F&I products.

"Frankly, there's a lot of dealers out there who recognize the importance of modernizing their process in some shape, form or fashion," says Trae Townsend, senior training specialist at Ally Financial. "But they really haven't invested the resources to see that come to life. And that's where you end up with some clunky processes.

"But what the consumer simply wants is someone ... who understands their circumstances, where they're at, what they've been through. And they want an experience that really serves their needs. ... Effective dealers, they're not really scared of this ambiguity. ... They're embracing it and creating a process that adapts to it—an adaptable sales process, if you will, which happens to be one of the most highly requested training subjects that we have here at Ally."

F&I transparency—discussed upfront in the sales process—can prove to be a big asset for the dealership, Townsend says. "In general, there's far too little transparency when it comes to F&I products," he says. "And as an industry, we've been talking about that for a while. But the real question is, how do we address it?

> "One of the biggest shortcomings we have as an industry is onboarding new employees... Most training programs involve just shadowing someone for a couple of days and then being sent out to conquer the world."
>
> – Trae Townsend, Ally Financial

"Many dealers that do business with Ally have empowered their sales staff to have some initial conversations around products early and often throughout their entire sales process, whether that's in person or whether they are conducting that digitally."

Training is especially critical for new employees, Townsend says. "One of the biggest shortcomings we have as an industry is onboarding new employees," he says. "Don't get me wrong, there's plenty of dealers who have well-thought-out onboarding processes for new hires.

But as an industry, it's something that we struggle with. And I hate to say it, but most training programs involve just shadowing someone for a couple of days and then being sent out to conquer the world.

"That leaves most employees grasping for straws for a pretty significant amount of time, which really leads to one of the biggest concerns that we have when it comes to training, when it comes to the industry at large—that's turnover. When people don't have the tools that they need to succeed, it's certainly harder to keep them engaged and almost impossible to have them producing at the level that's expected."

Typically, Townsend says, the most effective dealers have a well-defined and a well-documented onboarding process for new employees. "That's going to have a healthy mix of conceptual job training, actual on-the-job training and, finally, some soft-skills dealership culture training," he says.

"So many times there is a significant amount of on-the-job training without the other components. So we run into employees who know what the process is, but they don't understand the concepts behind it. And they don't have the soft skills to most effectively implement it.

"The dealers that we do business with, when they have these in place, typically their employees are more engaged and more productive because they've really bought into the process and what they're trying to accomplish."

Covering Third Quarter 2023 Released in October, 2023

Sponsored by:

Colorado Automobile Dealers Association

Colorado Auto Outlook™

Coverage of the Colorado new and used vehicle markets

FORECAST

New Vehicle Market Predicted to Trend Higher During Next Two Years

Key factors boosting new vehicle sales

Pent-up demand is growing. New vehicle registrations since the onset of the pandemic have been well below average. And although sales recovered from the low point of the recession in 2009, it took several years for the market to rebound. The pent-up demand that accrued between 2009 and 2015 had barely been released before the pandemic and ensuing supply chain issues boosted the total again. Pent-up demand will support new vehicle sales for several years.

Employment and household incomes are strong. As mentioned on the right, recession is still a possibility and affordability has weakened, but the unemployment rate is low and wage growth is steady.

Impressive array of new products. Today's new vehicles offer significant improvements compared to the average 10 year old car. Aside from the fact that their current vehicle may be wearing out, advances in safety features, performance, alternative powertrains, and infotainment are all factors luring shoppers into dealerships.

Key factors holding back new vehicle sales

Interest rates are high. The prime interest rate has increased by more than five points during the past three years, placing significant upward pressure on vehicle loan and lease payments.

Vehicle prices are high. Average transaction prices moved higher last year due to supply chain issues, inflationary pressures, and higher vehicle content. Escalating prices and higher rates have weakened vehicle affordability, which will be an issue holding back sales.

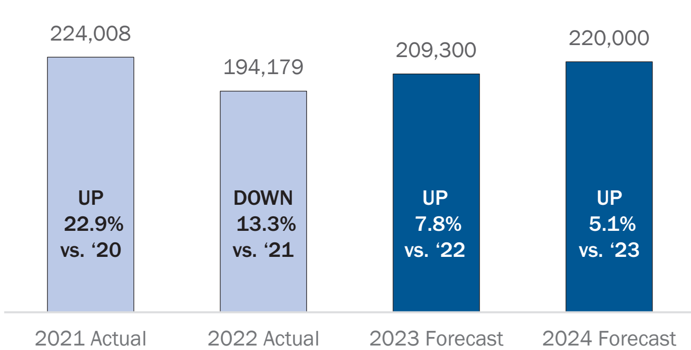
Soft landing not guaranteed. Most economists expect growth to remain positive despite higher interest rates, but this is not a sure thing. The economy is essentially at break even right now, and it wouldn't take much to push it to recession.

Other threats. After being put on hold since the pandemic hit in March of 2020, student loan payments are restarting, gas prices are high, excess household savings have been depleted, and if the UAW strike lingers, sales could be impacted.

Key Trends in Colorado Market

- Forecast summary: pent-up demand will provide momentum for the new vehicle market over the next 15 months, while the negative factors will place a ceiling on how high sales can go.
- State new retail light vehicle registrations are predicted to increase 7.8% this year and 5.1% in 2024.
- Registrations approached 56,000 units in the Third Quarter of this year and increased 17.3% versus depressed year-earlier levels.
- Battery electric vehicles accounted for 11.2% of the market in the first nine months of this year, up from 7.8% last year. BEV share increased from the Second to the Third Quarter of 2023, (see page 4).
- Rivian, Buick, Land Rover, Tesla, and Mazda had the largest percentage increases so far this year.

Forecast for State New Retail Light Vehicle Registrations



The graph above shows annual new retail light vehicle registrations in 2021 and 2022 and Auto Outlook's projections for 2023 and 2024.
Historical data sourced from Experian Automotive.

Market Summary

	YTD '22 Sept.	YTD '23 Sept.	% Chg. '22 to '23	Mkt. Share YTD '23
TOTAL	146,441	154,465	5.5%	
Car	19,308	19,264	-0.2%	12.5%
Light Truck	127,133	135,201	6.3%	87.5%
Domestic	56,724	59,054	4.1%	38.2%
European	17,383	17,057	-1.9%	11.0%
Japanese	55,801	60,849	9.0%	39.4%
Korean	16,533	17,505	5.9%	11.3%

Domestics consist of vehicles sold by GM, Ford, Stellantis (excluding Alfa Romeo and FIAT), Tesla, Rivian, and Lucid.
Data sourced from Experian Automotive.

Colorado New Vehicle Market Dashboard

COLORADO MARKET VS. U.S.

% Change In New Retail Market YTD 2023 thru September vs. YTD 2022

Colorado	U.S.
UP 5.5%	**UP 7.0%**

New retail light vehicle registrations in the state increased by 5.5% during the first nine months of this year, slightly below the 7.0% improvement in the Nation.

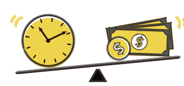
Data sourced from Experian Automotive.

TRACKING ECONOMIC INDICATORS

Monthly Unemployment Rates in Colorado

AUGUST 2022	JULY 2023	AUGUST 2023
2.6%	2.9%	3.1%

Average Hourly Earnings for All Workers in State - Aug. 2023



$35.90

Up $1.79 vs. year earlier

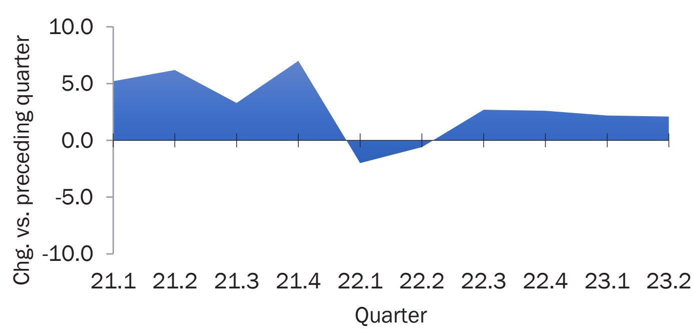
The state unemployment rate was 3.1% in August of this year. Wages were up slightly versus year earlier. Consumer sentiment remains subdued, while GDP growth has stayed positive during the past four quarters.

University of Michigan Consumer Sentiment (U.S.)

Key Values During Past 10 Years

Percent Change in U.S. Gross Domestic Product

Change vs. previous quarter



Sources: Bureau of Labor Statistics, University of Michigan, and U.S. Bureau of Econ. Analysis.

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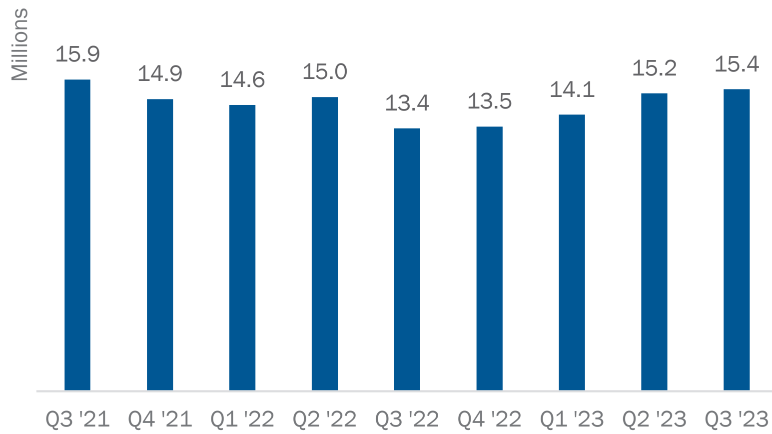
Colorado New Vehicle Market Dashboard

MARKET PERFORMANCE DURING PAST TWO YEARS

Colorado Quarterly Registrations

Seasonally Adjusted Annual Rate, Converted to Equivalent U.S. New Vehicle Market SAAR (millions of units)

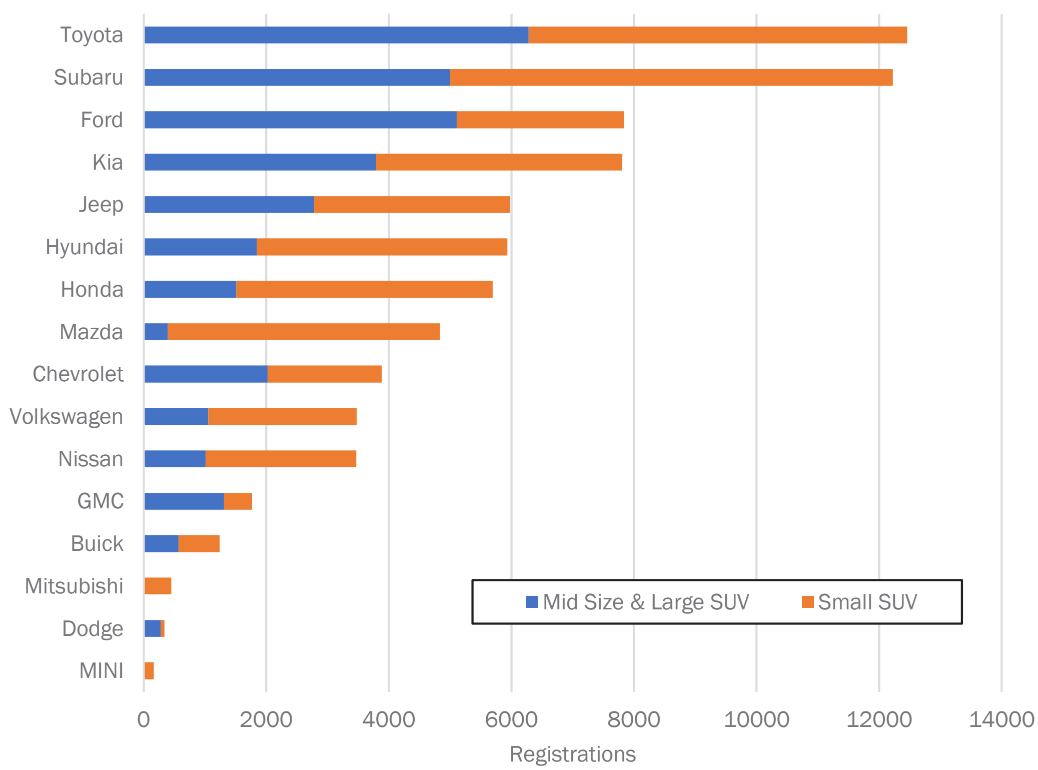


Data sourced from Experian Automotive. SAAR estimates: Auto Outlook.

The graph on the left provides an easily recognizable way to gauge the strength of the state market. It shows quarterly registrations based on a seasonally adjusted annual rate. These figures are then indexed to SAAR sales figures for the U.S. new vehicle market. So just like in the national market, when the quarterly SAAR is above 17 million units, the state market is strong, 15 million is about average, and below 13 million is weak. Equivalent SAAR levels in the state increased from 15.2 million in the Second Quarter of this year to 15.4 million in the Third Quarter.

NON LUXURY BRAND SUV RANKINGS

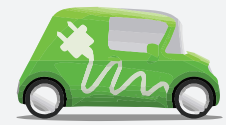
New Registrations by Brand for Mid Size/Large and Small Non Luxury SUVs in State Market - YTD ‘23 thru September



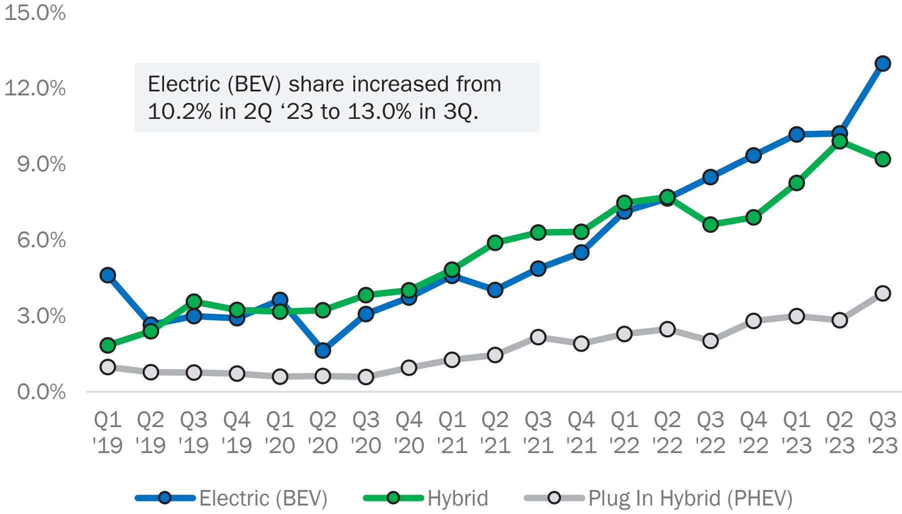
SUV Shares For Each Brand		
Brand	% Small SUV	% Mid & Large SUV
Toyota	50%	50%
Subaru	59%	41%
Ford	35%	65%
Kia	51%	49%
Jeep	53%	47%
Hyundai	69%	31%
Honda	73%	27%
Mazda	92%	8%
Chevrolet	48%	52%
Volkswagen	70%	30%
Nissan	71%	29%
GMC	26%	74%
Buick	54%	46%
Mitsubishi	100%	0%
Dodge	18%	82%
MINI	100%	0%

The graph shows registrations by brand for Mid Size/Large SUVs (blue bar) and Small SUVs (orange bar). Table shows the percentage breakdown for each brand. Toyota was the best-selling non luxury SUV brand, with Small SUV registrations accounting for 50% of total. Data sourced from Experian Automotive.

Vehicle Powertrain Dashboard



Quarterly Alternative Powertrain Market Share (includes hybrid and electric vehicles)

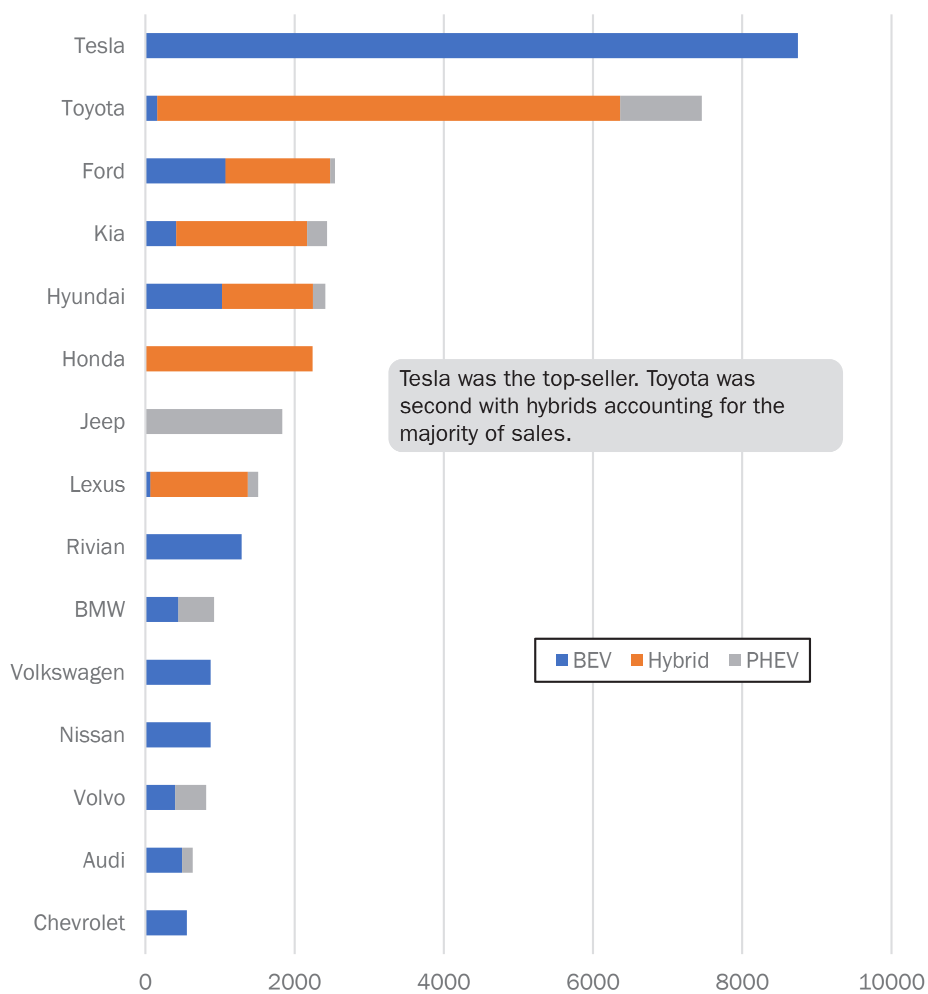


YTD Share by Engine Type (2022 and 2023, thru Sept.)

	Registrations		Market Share	
	YTD '22	YTD '23	YTD '22	YTD '23
Hybrid	10648	14134	7.3%	9.2%
Electric (BEV)	11353	17310	7.8%	11.2%
Plug In Hybrid (PHEV)	3319	5045	2.3%	3.3%

Data sourced from Experian Automotive. Hybrid vehicle market share excludes mild hybrids.

Alternative Powertrain Registrations in Colorado by Brand YTD 2023 thru September



Market Share for Top 25 Selling BEVs, PHEVs, and Hybrids YTD '23 thru September

Model	Type	Mkt. Share
Tesla Model Y	BEV	18.0%
Toyota RAV4	Hybrid	6.6%
Honda CR-V	Hybrid	4.9%
Tesla Model 3	BEV	4.6%
Jeep Wrangler	PHEV	3.0%
Kia Sportage	Hybrid	2.7%
Toyota RAV4	PHEV	2.7%
Toyota Highlander	Hybrid	2.4%
Ford F-Series	Hybrid	2.4%
Volkswagen ID.4	BEV	2.4%
Lexus RX	Hybrid	2.2%
Rivian R1S	BEV	2.1%
Hyundai Ioniq 5	BEV	2.0%
Hyundai Tucson	Hybrid	2.0%
Jeep Grand Cherokee	PHEV	2.0%
Ford Mustang Mach-E	BEV	1.9%
Chevrolet Bolt	BEV	1.5%
Rivian R1T	BEV	1.4%
Toyota Tundra	Hybrid	1.4%
Kia Sorento	Hybrid	1.4%
Toyota Sienna	Hybrid	1.3%
Toyota Sequoia	Hybrid	1.3%
Honda Accord	Hybrid	1.3%
Nissan Leaf	BEV	1.2%
Nissan Ariya	BEV	1.2%

Data sourced from Experian Automotive.
Hybrid vehicle market share excludes mild hybrids.

Brand Registrations Report Colorado New Retail Car and Light Truck Registrations												
	Third Quarter						YTD thru September					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	3Q '22	3Q '23	% change	3Q '22	3Q '23	Change	YTD '22	YTD '23	% change	YTD '22	YTD '23	Change
TOTAL	47,723	55,959	17.3				146,441	154,465	5.5			
Cars	6,200	7,151	15.3	13.0	12.8	-0.2	19,308	19,264	-0.2	13.2	12.5	-0.7
Light Trucks	41,523	48,808	17.5	87.0	87.2	0.2	127,133	135,201	6.3	86.8	87.5	0.7
Domestic Brands	18,759	21,100	12.5	39.3	37.7	-1.6	56,724	59,054	4.1	38.7	38.2	-0.5
European Brands	5,627	6,168	9.6	11.8	11.0	-0.8	17,383	17,057	-1.9	11.9	11.0	-0.9
Japanese Brands	17,611	22,125	25.6	36.9	39.5	2.6	55,801	60,849	9.0	38.1	39.4	1.3
Korean Brands	5,726	6,566	14.7	12.0	11.7	-0.3	16,533	17,505	5.9	11.3	11.3	0.0
Acura	199	344	72.9	0.4	0.6	0.2	801	963	20.2	0.5	0.6	0.1
Alfa Romeo	18	23	27.8	0.0	0.0	0.0	87	74	-14.9	0.1	0.0	-0.1
Audi	816	1,140	39.7	1.7	2.0	0.3	2,452	3,009	22.7	1.7	1.9	0.2
BMW	987	1,115	13.0	2.1	2.0	-0.1	3,165	3,371	6.5	2.2	2.2	0.0
Buick	292	436	49.3	0.6	0.8	0.2	761	1,238	62.7	0.5	0.8	0.3
Cadillac	263	319	21.3	0.6	0.6	0.0	826	883	6.9	0.6	0.6	0.0
Chevrolet	3,318	3,599	8.5	7.0	6.4	-0.6	9,228	9,914	7.4	6.3	6.4	0.1
Chrysler	66	136	106.1	0.1	0.2	0.1	273	358	31.1	0.2	0.2	0.0
Dodge	329	262	-20.4	0.7	0.5	-0.2	870	762	-12.4	0.6	0.5	-0.1
Ford	5,554	5,831	5.0	11.6	10.4	-1.2	16,932	17,699	4.5	11.6	11.5	-0.1
Genesis	182	223	22.5	0.4	0.4	0.0	478	550	15.1	0.3	0.4	0.1
GMC	1,826	1,984	8.7	3.8	3.5	-0.3	5,756	5,885	2.2	3.9	3.8	-0.1
Honda	2,438	3,109	27.5	5.1	5.6	0.5	8,250	8,518	3.2	5.6	5.5	-0.1
Hyundai	2,724	2,576	-5.4	5.7	4.6	-1.1	8,650	7,433	-14.1	5.9	4.8	-1.1
Infiniti	138	155	12.3	0.3	0.3	0.0	424	536	26.4	0.3	0.3	0.0
Jaguar	38	24	-36.8	0.1	0.0	-0.1	118	82	-30.5	0.1	0.1	0.0
Jeep	2,628	2,463	-6.3	5.5	4.4	-1.1	8,576	6,655	-22.4	5.9	4.3	-1.6
Kia	2,820	3,767	33.6	5.9	6.7	0.8	7,405	9,522	28.6	5.1	6.2	1.1
Land Rover	161	335	108.1	0.3	0.6	0.3	605	877	45.0	0.4	0.6	0.2
Lexus	811	1,043	28.6	1.7	1.9	0.2	2,469	3,009	21.9	1.7	1.9	0.2
Lincoln	199	212	6.5	0.4	0.4	0.0	667	704	5.5	0.5	0.5	0.0
Maserati	22	26	18.2	0.0	0.0	0.0	64	68	6.3	0.0	0.0	0.0
Mazda	1,260	1,717	36.3	2.6	3.1	0.5	3,794	5,224	37.7	2.6	3.4	0.8
Mercedes	1,013	930	-8.2	2.1	1.7	-0.4	2,974	2,636	-11.4	2.0	1.7	-0.3
MINI	158	154	-2.5	0.3	0.3	0.0	440	432	-1.8	0.3	0.3	0.0
Mitsubishi	105	175	66.7	0.2	0.3	0.1	416	492	18.3	0.3	0.3	0.0
Nissan	1,472	2,063	40.1	3.1	3.7	0.6	5,324	5,996	12.6	3.6	3.9	0.3
Other	43	64	48.8	0.1	0.1	0.0	123	162	31.7	0.1	0.1	0.0
Polestar	77	26	-66.2	0.2	0.0	-0.2	270	83	-69.3	0.2	0.1	-0.1
Porsche	248	272	9.7	0.5	0.5	0.0	727	814	12.0	0.5	0.5	0.0
Ram	1,977	1,726	-12.7	4.1	3.1	-1.0	6,242	4,849	-22.3	4.3	3.1	-1.2
Rivian	286	487	70.3	0.6	0.9	0.3	527	1,292	145.2	0.4	0.8	0.4
Subaru	4,482	5,446	21.5	9.4	9.7	0.3	13,328	14,289	7.2	9.1	9.3	0.2
Tesla	2,015	3,611	79.2	4.2	6.5	2.3	6,054	8,748	44.5	4.1	5.7	1.6
Toyota	6,706	8,073	20.4	14.1	14.4	0.3	20,995	21,822	3.9	14.3	14.1	-0.2
Volkswagen	1,668	1,528	-8.4	3.5	2.7	-0.8	4,827	3,989	-17.4	3.3	2.6	-0.7
Volvo	384	565	47.1	0.8	1.0	0.2	1,543	1,527	-1.0	1.1	1.0	-0.1
Data sourced from Experian Automotive.												

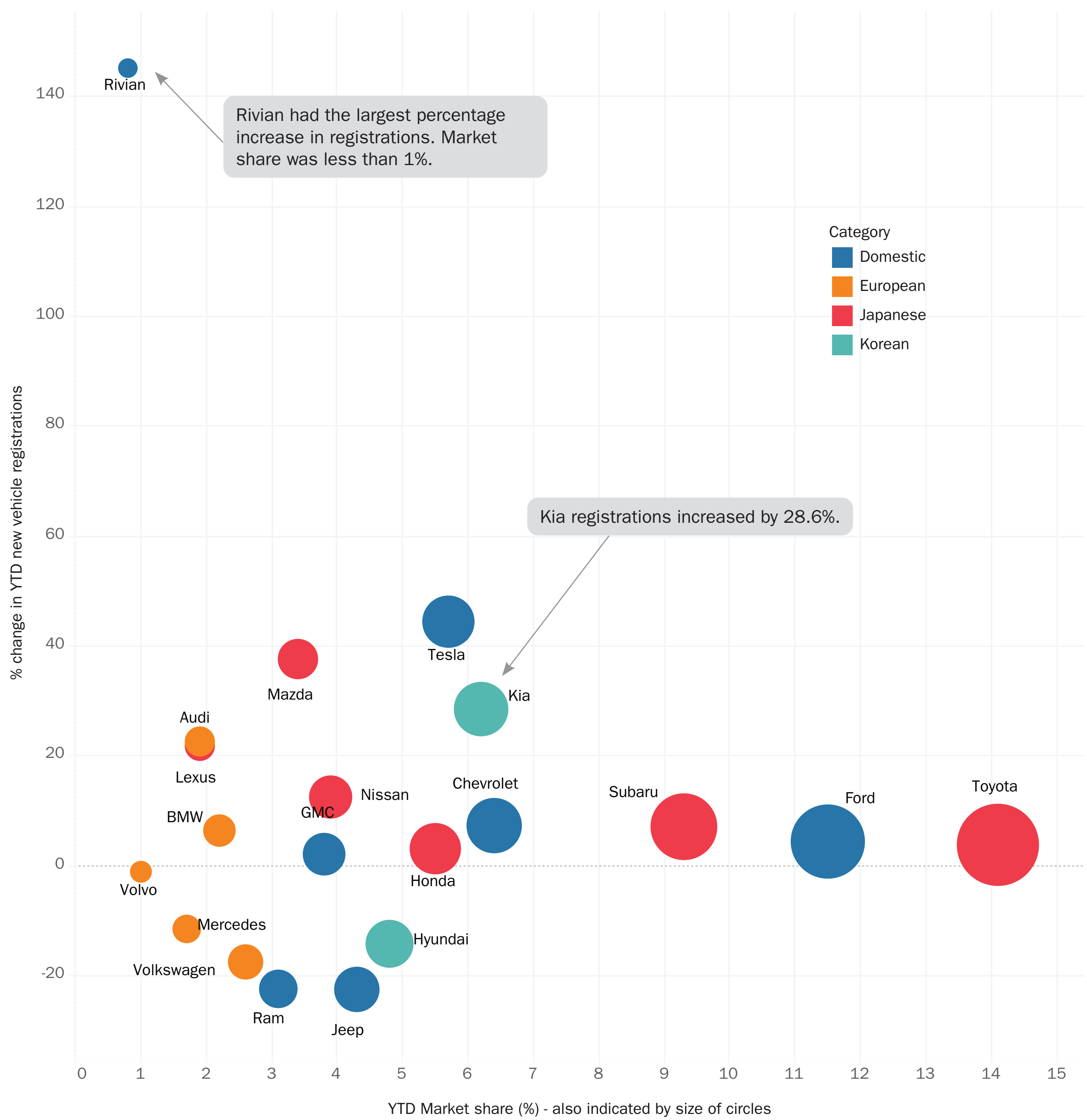
The table shows new retail light vehicle (car and light truck) registrations in the Colorado market. Figures are shown for the 3rd Quarters of '22 and '23, and year to date totals thru September. The top ten ranked brands in each change category are shaded yellow.

BRAND SCOREBOARD

Registrations Improved for Most Brands So Far This Year

The graph below presents a well-rounded view of brand sales results in the state market. It shows both the percentage change in registrations so far this year versus year earlier (vertical axis) and market share (horizontal axis, also denoted by relative size of the circles). Brand category (Domestic, European, Japanese, or Korean) is identified by color of the circles. Brands on the right side of the graph have higher market share, and those at the top have had larger percentage gains in registrations.

Colorado Market Share (YTD '23 thru September) and Percent Change in Registrations (YTD '23 thru Sept. vs. YTD '22) Top 20 Selling Brands



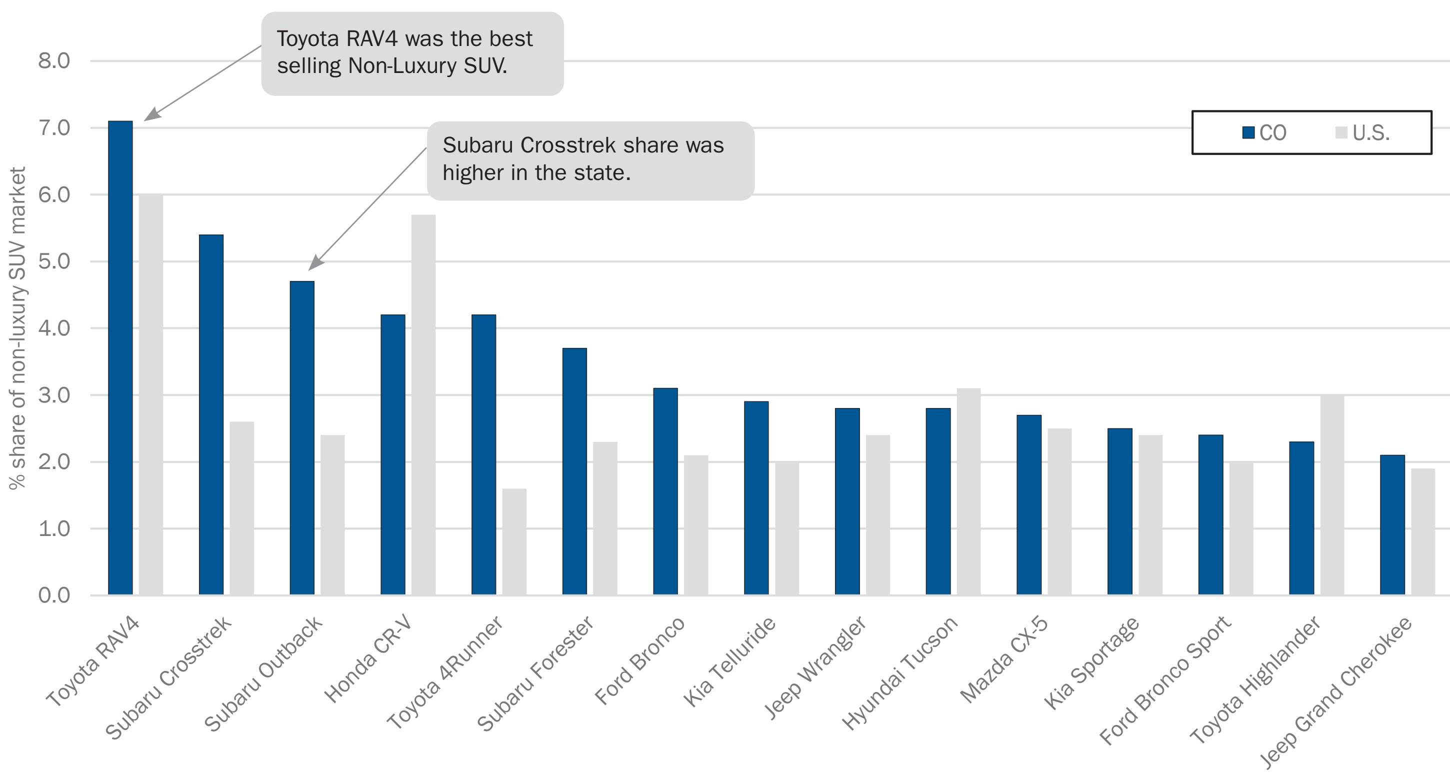
Data sourced from Experian Automotive.

MODEL SCOREBOARD

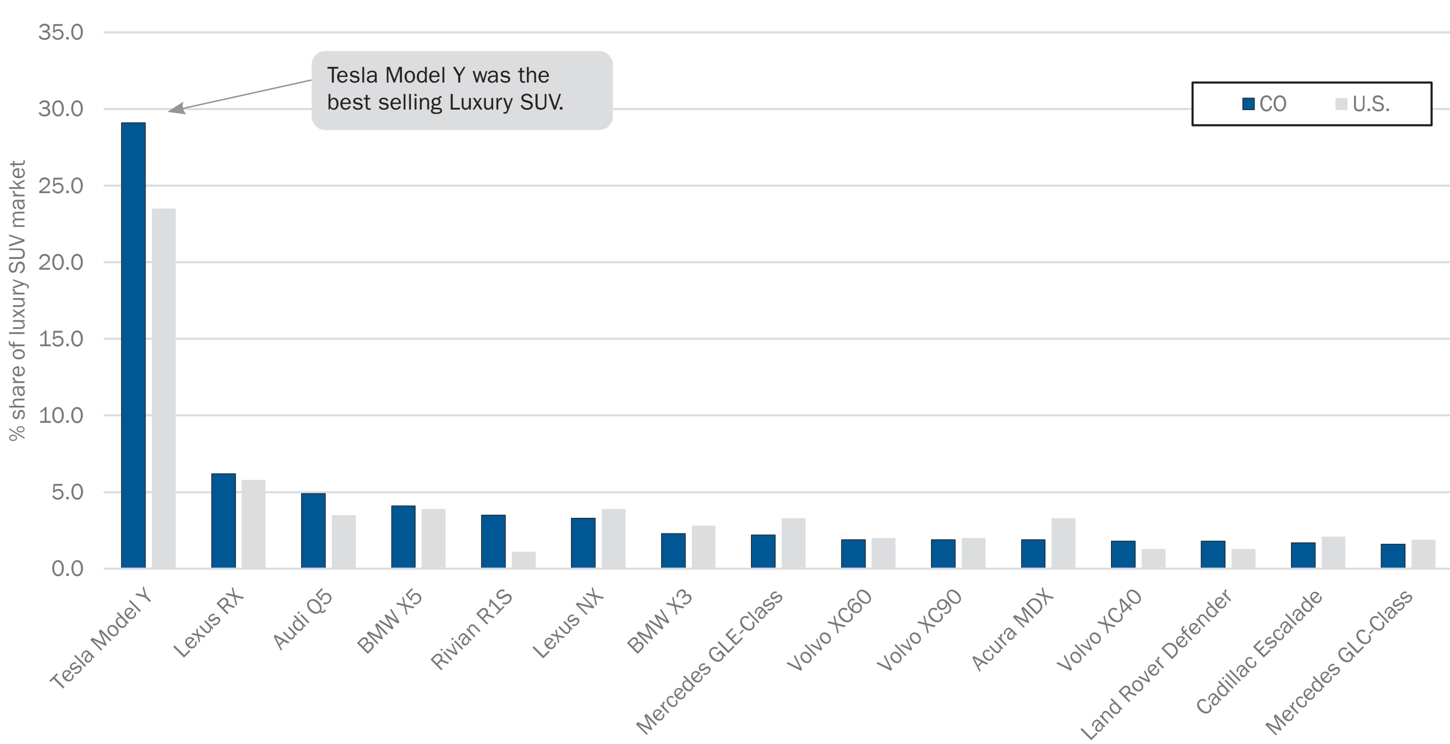
RAV4 is On Top for Non-Luxury SUVs; Model Y Has Big Lead in Luxury Segment

The two graphs below show market shares in the Colorado and National Non-Luxury and Luxury SUV segments during and the first nine months of this year. Includes the top 15 selling models in the state market.

Market Share for Top 15 Selling Non Luxury SUVs - State and U.S. Market, YTD 2023 thru September



Market Share for Top 15 Selling Luxury SUVs - State and U.S. Market, YTD 2023 thru September



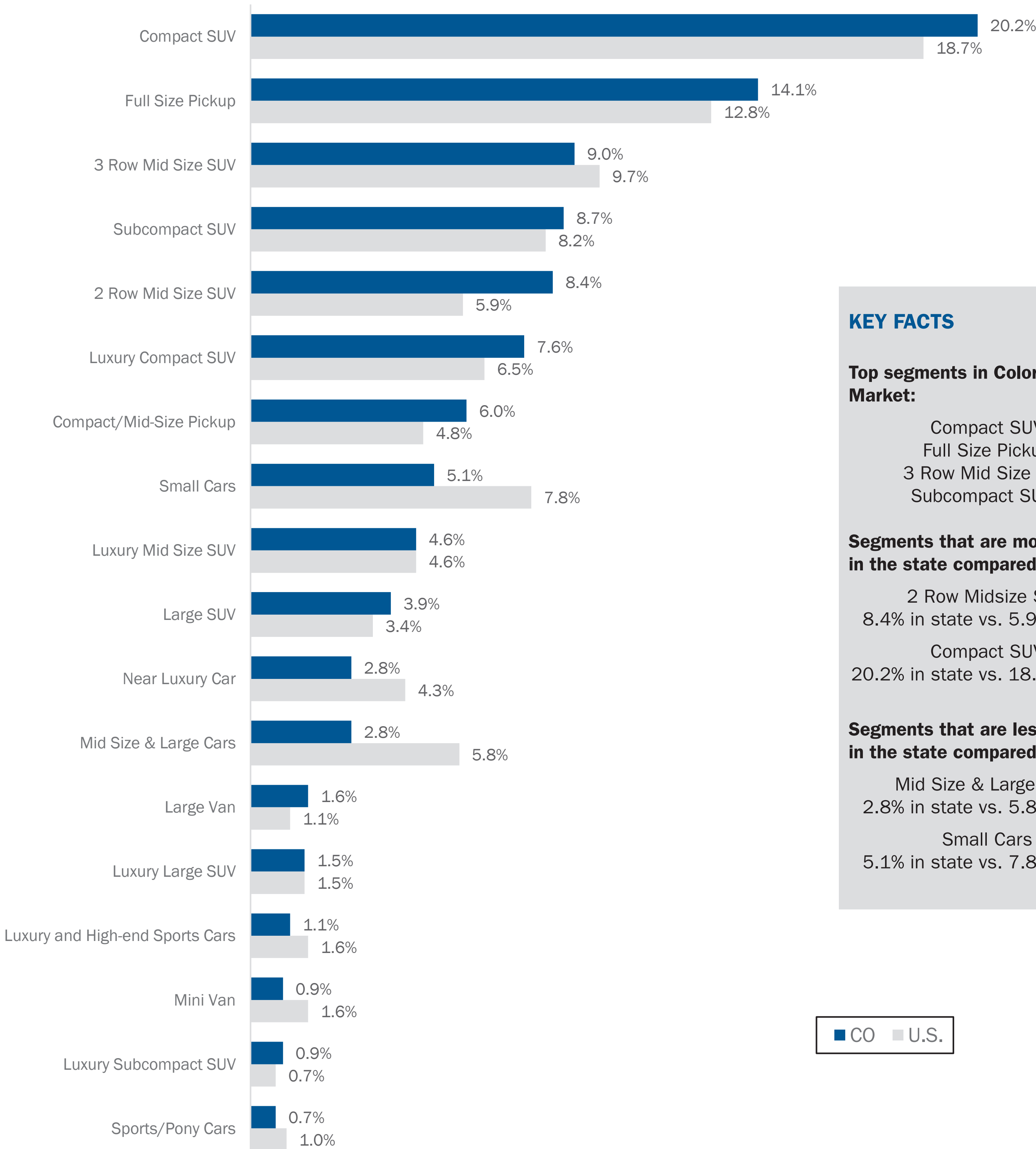
Data sourced from Experian Automotive.

SEGMENTS

Compact SUV Segment Leads the Colorado Market

The graph below shows segment market shares in both the Colorado (blue bars) and U.S. markets (grey bars). Segments are shown from top to bottom based on state share.

Segment Market Shares in Colorado and U.S. - YTD 2023 thru September



KEY FACTS

Top segments in Colorado Market:

Compact SUV
Full Size Pickup
3 Row Mid Size SUV
Subcompact SUVs

Segments that are more popular in the state compared to U.S.:

2 Row Midsize SUV
8.4% in state vs. 5.9% in U.S.

Compact SUV
20.2% in state vs. 18.7% in U.S.

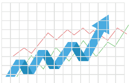
Segments that are less popular in the state compared to U.S.:

Mid Size & Large Cars
2.8% in state vs. 5.8% in U.S.

Small Cars
5.1% in state vs. 7.8% in U.S.

Data sourced from Experian Automotive.

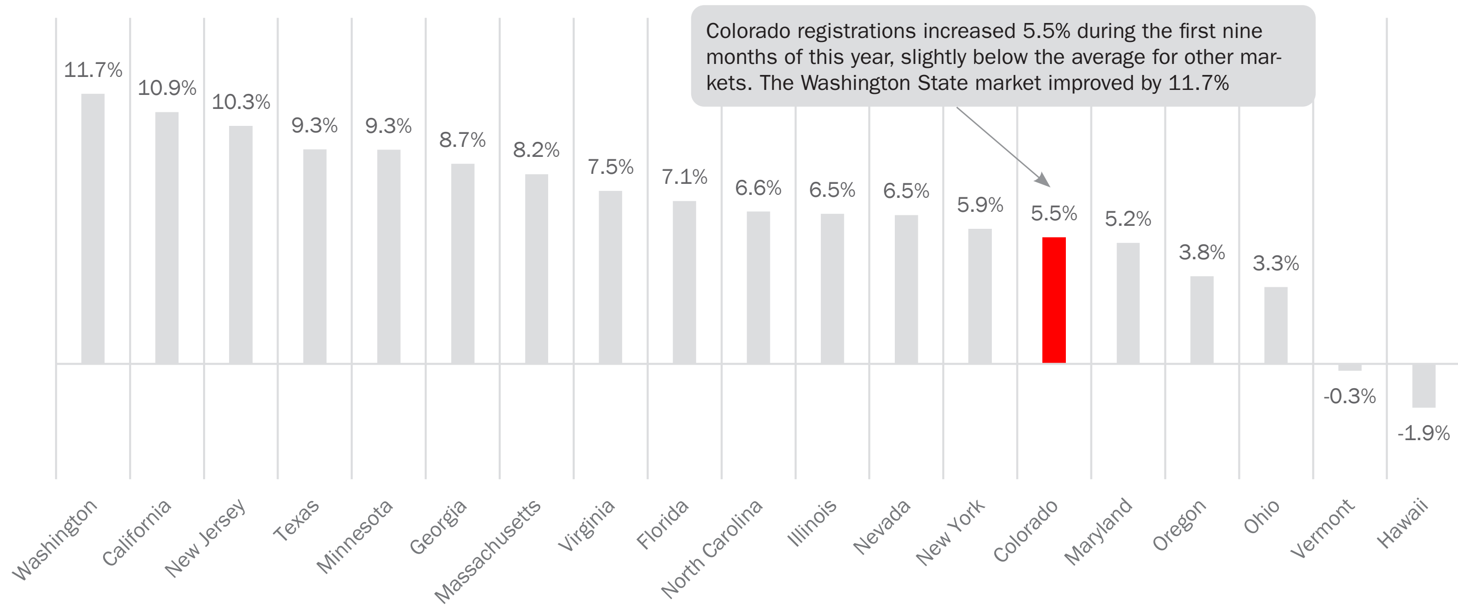
Comparison of Selected State Markets



Results During First Nine Months of This Year

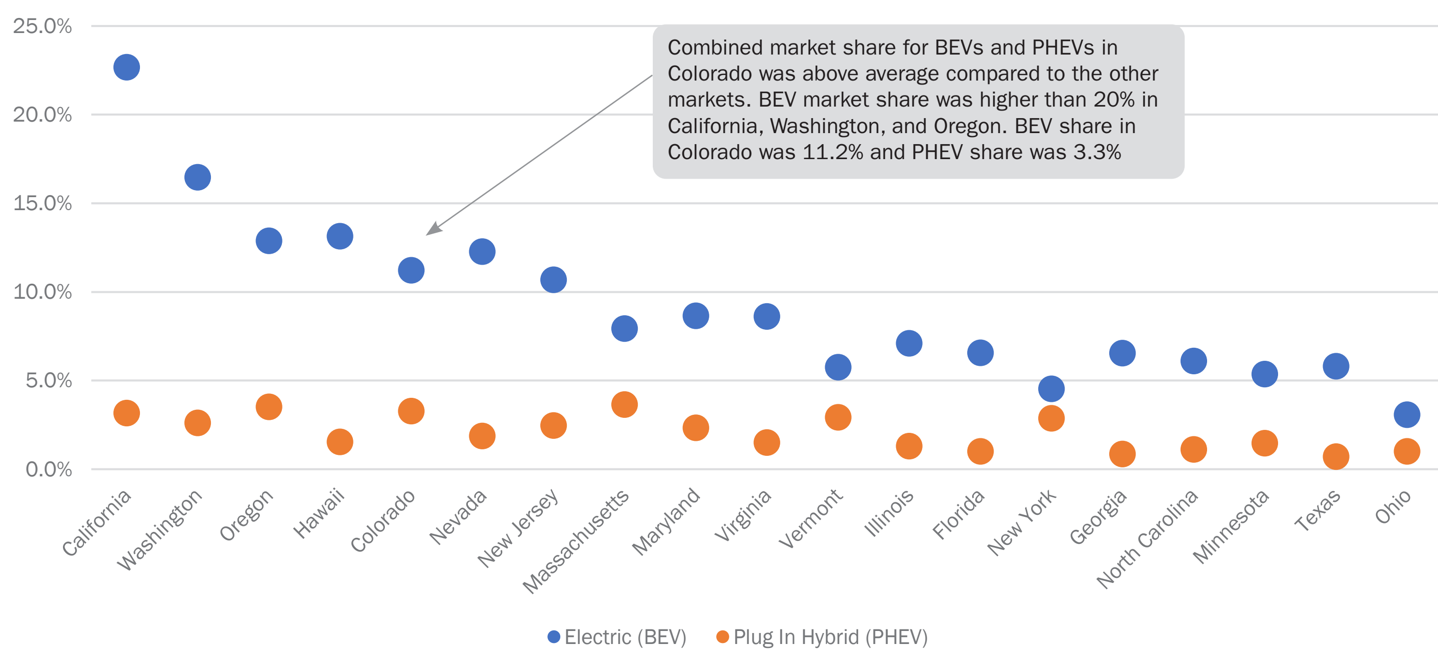
The graph below provides a comparison of how state new vehicle markets have performed so far this year. It shows the percent change in new retail light vehicle registrations during the first nine months of this year versus the same period a year earlier.

Percent Change in New Retail Light Vehicle Registrations - YTD 2023 vs. YTD 2022 (thru September)



Comparison of BEV and PHEV Market Share

Electric (BEV) and Plug in Hybrid (PHEV) Market Share - YTD 2023 thru September



Markets are shown from left (highest) to right (lowest) based on combined BEV and PHEV market share. Data sourced from Experian Automotive.

BRAND SEGMENT MARKET SHARES

Top Selling Brands in 7 Primary Segments

The seven graphs on this page show brand market share in seven key segments during the first nine months of 2023 in both the Colorado and U.S. markets. State percent share is depicted by the red bars, U.S. share is light gray. Top ten brands in each segment are ranked from top to bottom based on Colorado market share.

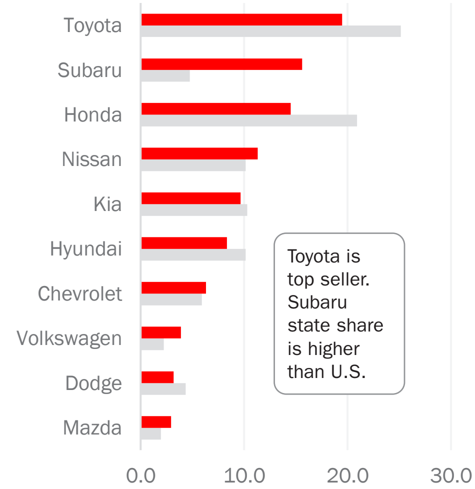
Segments were defined based on model classifications instead of overall brand positioning. For instance, Chevrolet appears on the Luxury and Sports cars graph because of the Corvette. Small SUVs consists of both Sub Compact and Compact models.

Legend for all graphs

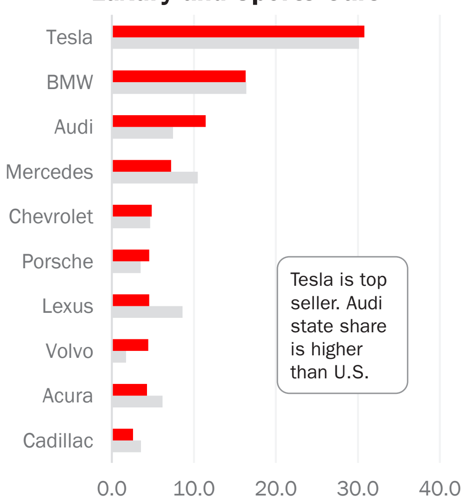
Brand share of segment in Colorado during YTD ‘23

Brand share of segment in U.S. market during YTD ‘23

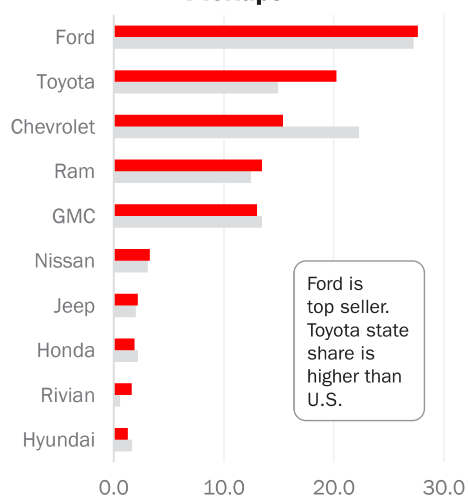
Non Luxury Cars



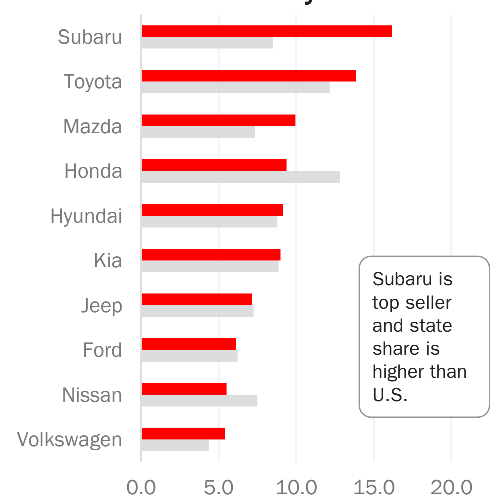
Luxury and Sports Cars



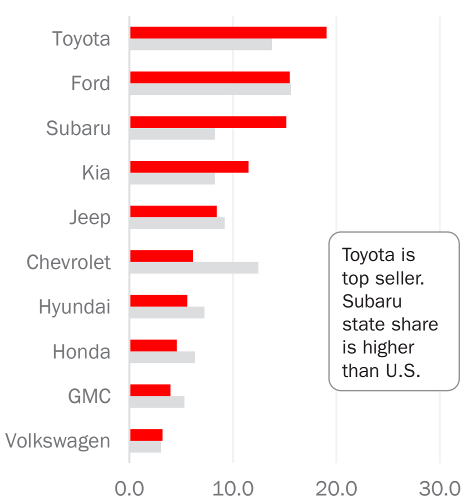
Pickups



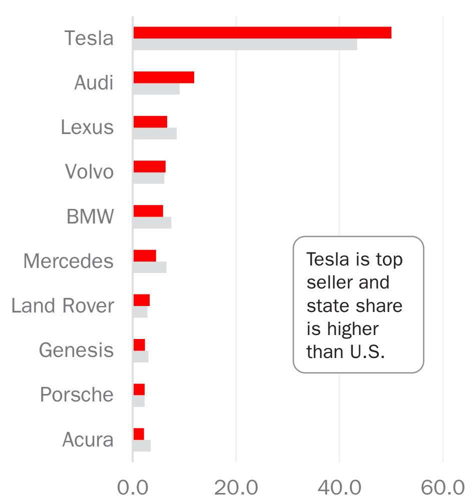
Small Non Luxury SUVs



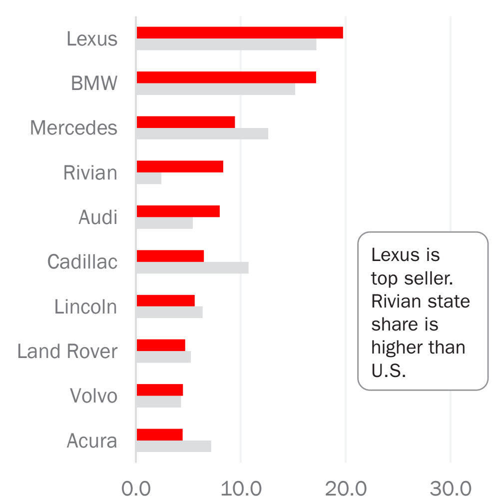
Mid and Full Size Non Luxury SUVs



Small Luxury SUVs



Mid and Full Size Luxury SUVs



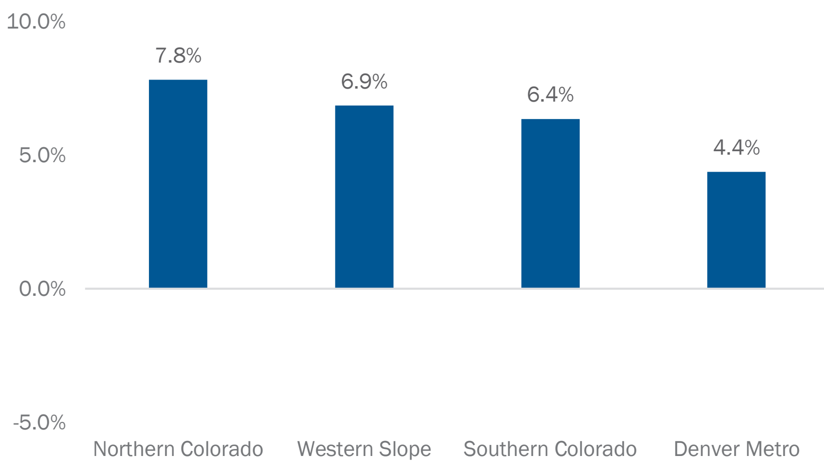
Data sourced from Experian Automotive.

Review of Regional New Vehicle Markets in Colorado

New Retail Light Vehicle Registrations in Regional Markets											
	Year to date thru Sept.			Light truck market share (%)			Market share for top 5 selling brands in state				
	YTD '22	YTD '23	% change	YTD '22	YTD '23	change	Toyota	Ford	Subaru	Kia	Chevrolet
Denver Metro	85,563	89,305	4.4%	86.3	87.1	0.8	14.1	9.3	9.3	6.1	5.2
Northern Colorado	18,672	20,132	7.8%	87.2	87.8	0.6	13.3	13.3	9.0	7.7	7.0
Southern Colorado	19,494	20,733	6.4%	83.9	84.2	0.3	12.3	11.8	9.5	7.4	6.5
Western Slope	14,872	15,891	6.9%	90.9	91.7	0.8	18.1	17.0	10.3	3.8	9.1

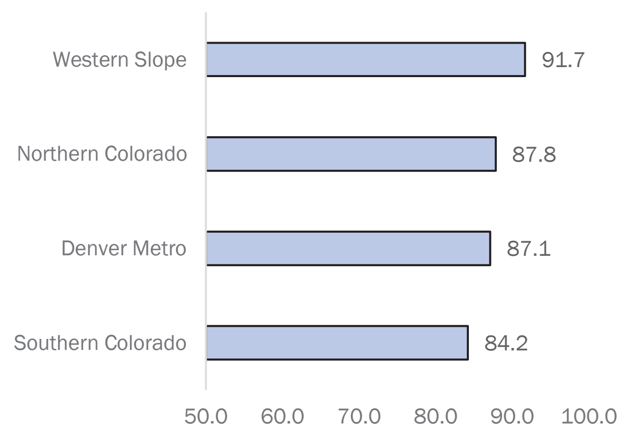
Data sourced from Experian Automotive.

Percent Change In New Vehicle Registrations YTD 2023 thru Sept. v. YTD 2022



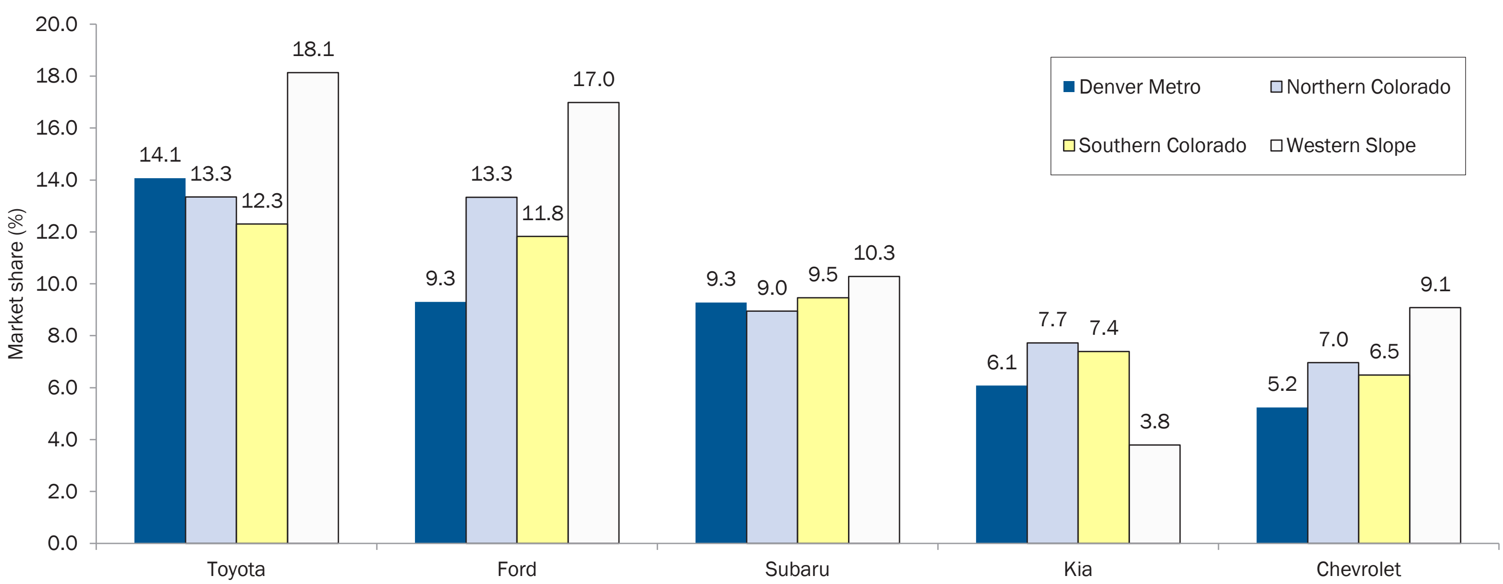
Data sourced from Experian Automotive.

Light Truck Share in Regional Markets YTD 2023 thru Sept.



Data sourced from Experian Automotive.

Regional Market Share for Top 5 Selling Brands in State - YTD 2023 thru Sept.

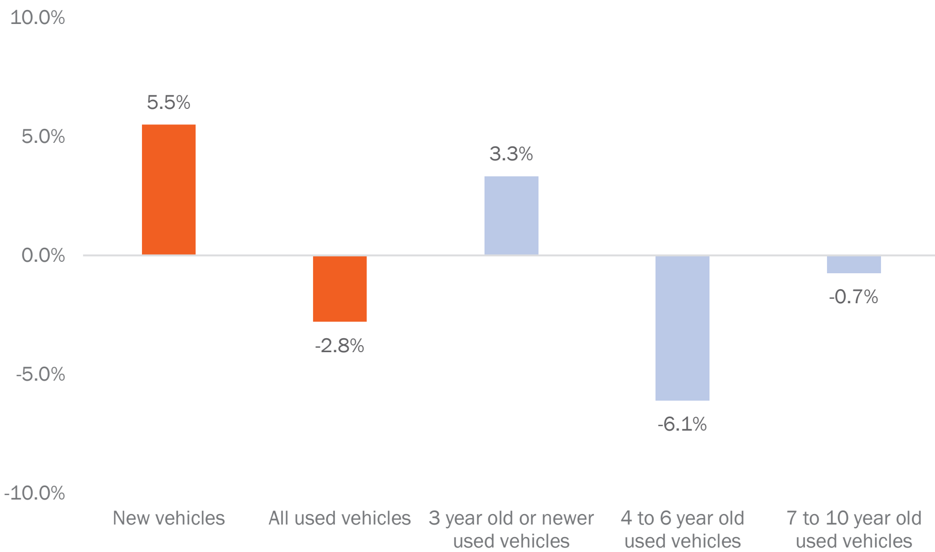


Data sourced from Experian Automotive.

COLORADO USED VEHICLE MARKET

Used Vehicle Market Continues to Slide Lower

Percent Change in New and Used Vehicle Registrations YTD 2023 thru Sept. V. YTD 2022



THREE KEY TRENDS IN USED VEHICLE MARKET

01. The Colorado used vehicle market declined 2.8% during the first nine months of this year versus a year earlier, compared to the 5.5% increase in new vehicle registrations.

02. Elevated vehicle prices, tight supplies, and improving new vehicle inventories will likely prevent any near-term rebound in used vehicle sales.

03. As shown on the graph to the left, the three year old or newer market held up relatively well so far this year. Used registrations of three year old or newer vehicles increased 3.3%. The 4 to 6 year old market declined 6.1% and the 7 to 10 year old market fell 0.7%.

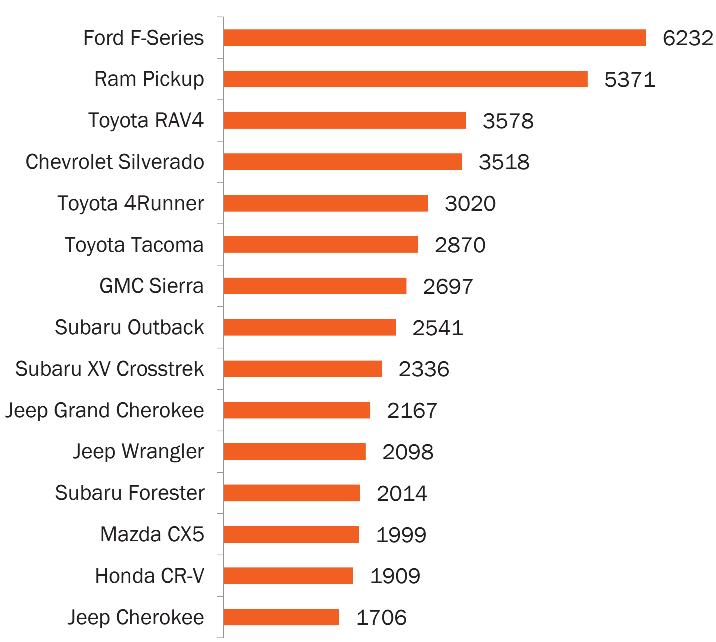
Data sourced from Experian Automotive.

TOP SELLING MODELS IN USED VEHICLE MARKET

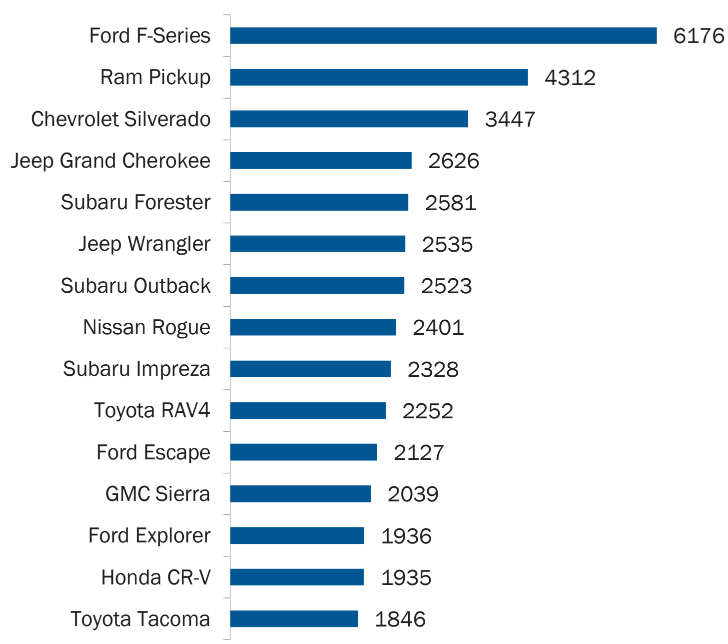
F-Series and Ram Pickup Stay on Top of Used Vehicle Market

The two graphs below show the top 15 selling models in Colorado for two age classifications: vehicles four years old or newer, and 5 to 8 year old vehicles. Ford F-Series and Ram Pickup ranked first and second in each category.

Top 15 Selling Models for Vehicles 4 years Old or Newer YTD 2023 Registrations thru Sept.



Top 15 Selling Models for 5 to 8 Year Old Vehicles YTD 2023 Registrations thru Sept.



Data sourced from Experian Automotive.

The State of Colorado's Vehicle Exchange Colorado (VXC) program continues to accept automobile dealer registrations on a rolling basis.

The VXC program helps income-qualified Coloradans recycle and replace their old or high-emitting vehicles with electric vehicles (EVs) by providing approved applicants with a discount on the upfront cost of an EV purchased or leased at an authorized automobile dealer.

Please **visit the VXC website** to learn more about the program (see the "Participating Automobile Dealers" section). If you are interested in preregistering your automobile dealer for this program, you may do so at this link. Following completion of your preregistration, a VXC program representative will contact you regarding next steps.

COLORADO Energy Office

CLEAR THE AIR FOUNDATION