

BULLETIN

COLORADO AUTOMOBILE DEALERS ASSOCIATION

IN THIS ISSUE

National Automobile Dealers Association Washington D.C. Conference
Additional Legislative Issues
Colorado Special Session on Property Tax
Register for CADA's Economic Impact Dinner



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Colorado Automobile Dealers Association

TABLE OF CONTENTS

Project D.C. Reflection & Recap from CADA Board Chair	4
Key Legislative Issues to Watch	6
Colorado's Special Session: Property Taxes	8
Clear the Air Foundation Scholarships Update	11



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Rob Edwards
Chairman of the Board

As I reflect on our recent trip to Capitol Hill for the National Automotive Dealers Association (NADA) Washington Conference, I am reminded of just how critical our relationship with the federal government is to the future of our industry. At the same time, it was a stark reminder of how vulnerable our business can be to lawmakers who, often with limited knowledge and experience in automotive retailing, are responsible for creating the regulations that impact us.

During our time in Washington, we had the privilege of meeting with NADA leadership. We are fortunate to have such actively engaged leaders who are relentlessly working to protect our industry's best interests. It is crucial to have advocates focused on the fight to preserve the future of automotive retailing, both at a national and state level, ensuring that our concerns are heard and understood by those in positions of power.

A record number of CADA Board Members showed up, ready, focused, and engaged to make sure issues facing Colorado dealers are heard on Capitol Hill. We engaged with a number of members of Congress and The Senate, and I can confidently say that our concerns were not only understood but also acted upon. Based on these important discussions, we believe several Colorado Congressmen and women will take immediate action to support and protect the interests of our state.

Our conversations with federal lawmakers highlighted two major issues that could greatly impact automotive sales and the customer experience. The FTC Vehicle Shopping Rule ("CARS Rule") imposes stringent requirements that many dealerships can't meet without significant changes and disrupting business for consumers. This rule represents an overreach of the government that fails to protect customers as intended. Additionally, the aggressive EV mandate timelines place unrealistic demands on both retailers and manufacturers. We advocated for more balanced approaches on both fronts, ensuring our industry is protected from harmful regulations.

In closing, I want to emphasize how vital CADA's role is in representing Colorado's auto businesses. Our ability to stand together and advocate for our industry is what ensures our continued success.

The relationships we build with lawmakers today will shape the future of automotive retail tomorrow.



Walking through the Halls of Congress



After meeting with the office of Representative Dianna DeGette



Meeting with Representative Greg Lopez



After meeting with the office of Representative Doug Lamborn

Every year, the CADA Board of Directors attends the National Automobile Dealers Association Washington D.C. conference and spends time meeting with the Members of Congress that represent Colorado. This year's trip was full of meetings on Capitol Hill, networking, and strategic planning. Meeting with federal lawmakers and their staff provided time for us to educate and lobby on important issues in automotive policy, like the FTC CARs Rule, EV Mandates, and the "Right to Repair." While members of Congress are often knowledgeable on many different issues, sharing our expertise and real-world experience with them and their staff is irreplaceable when it comes to our politicians fully grasping automotive issues and determining how he or she will vote on regulations impacting our industry.

This year, we met with:

- Representative Greg Lopez (CD4, Eastern Plains - R)
- Representative Doug Lamborn (CD5, Colorado Springs - R)
- Representative Jason Crow (CD6, South & East Denver-Metro Area - D)
- Representative Brittany Pettersen (CD7, Jefferson County - D)
- Representative Diana DeGette (CD1, Denver - D)
- Senator John Hickenlooper

During our time in the Nation's Capital, CADA also held its Q3 board meeting, and we are all optimistic with continued momentum advocating for new car dealers. Thank you to each of the board members who joined us for Project DC.



Matthew Groves
CEO/President

While Politics Dominate the News, These Legislative Issues Deserve Attention

In most years, the news cycles slow during an election cycle. Often, this gives reporters, pundits, and anyone with an opinion the opportunity to cast predictions on what the next 2 to 4 years may hold under a new administration. It comes with the goal of vesting the uninterested voter in the outcome of the election and trying to encourage people to fulfill their civic duty and vote. Honestly, we like those years. No news out of government is often good news – provided there is no shutdown.

This year has been quite different. While we are a little more than two months out from election day, there is a flurry of activity at the state and federal level. Colorado was in special session to try to forge an agreement on property taxes that will prevent two additional initiatives on this November's ballot. In Washington, both parties jockey to improve their odds of flipping the House, Senate, and White House, which, in turn, could tip the balance of power at the Supreme Court.

Amid the chaos, the showmanship, and the requests for campaign checks, we wanted to give you a brief update on some of the substantive things we've been tracking that may have flown under your radar.

1. The Northern District of Texas enjoins Department of Labors Non-Compete Rule. This rule banned most non-compete agreements and was expected to take effect September 4, 2024. A federal district court in Texas has issued a nationwide injunction. Dealers should note that this does not allow non-competes again; it just stops the federal rule from exceeding existing Colorado regulations.

2. The Federal Trade Commission found that Asbury Automotive dealerships in Texas were guilty of unfair and deceptive trade practices and discriminatory treatment regarding voluntary protection products. This action against a major retailer comes while the FTC's CARS rule sits in a federal court in Texas, awaiting judgment.
3. A federal court in Louisiana held that the state's ban on direct sellers did not violate Tesla's constitutional rights. It did, however, require that Louisiana reconfigure its Motor Vehicle Commission, which did violate Tesla's due process rights.
4. On the other hand, an Illinois appellate judge ruled that Tesla and Rivian could not be precluded from getting a dealer's license to sell directly to consumers of that state. If you recall, Tesla and Rivian both hold dealers' licenses in Colorado.

As CADA strives to keep you well-informed, we urge you to keep an eye out for a crucial publication that will be distributed throughout the fall. We have recently released our 2024 Member Directory, a comprehensive resource that includes our dealer members, endorsed providers, and allied members. This publication was conveniently delivered via both US Postal Service and email for easy access. Please reach out if you did not receive one.

Lastly, we are actively reaching out to individual dealerships to arrange 1 v 1 meetings with local legislators and candidates. Thus far, you have all been extremely gracious in accommodating us, and we have met with 10% of the state legislature in the last two months. We will likely continue this through the election season as we prepare two legislative initiatives for the 2025 session.

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Flexibility flows to F&I

Don't let piles of paperwork, a complex purchasing path, and trade-in roadblocks chip away at a customer's excitement for their new vehicle during the F&I process. Frustrations like that can even put aftermarket sales at risk.

A complete digital contracting and remote signing solution keeps the excitement going. Shorten the deal process with DMS data flow that reduces re-keying, digital deal packages that speed funding and flexible signing that improves customer satisfaction. Ensure deals proceed smoothly with the ability to view complete trade-in titles before accepting a trade so any surprises, like an undisclosed co-owner, can be addressed before they slow down the process.



Smooth reg & title completes the process

A finishing touch that dealerships can offer customers is handling their registration and titling process in-house. But manual paperwork and processes can be slow and costly — especially for out-of-state deals that involve researching 300+ unfamiliar state taxes, forms and fees.

Eliminate the complexity and give your team the time to process more deals with a comprehensive suite of registration and titling solutions for in-state and cross-border customers. Your team can navigate each state's specific reg and title requirements quickly and accurately with a connection to every state DMV.

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Simplify your way to business growth today. Schedule a no-obligation call with Brian Ekstrand, regional sales manager for Colorado, to discuss how Dealertrack solutions streamline workflows to send profits soaring.

1 CAI Retail Brand Health Study - July 2022.



Devin Saunders
Billow Barrow Fellow
for Government Affairs

Colorado Special Session on Property Tax: Impact on the Auto Industry

The Colorado legislature recently concluded its 2024 special session by passing a bipartisan bill aimed at curbing rising property taxes. This session was prompted by an agreement between Governor Polis and supporters of two significant ballot initiatives, Initiatives 50 and 108, which threatened to impose stricter caps on property tax growth and deeply reduce tax revenues. The compromise bill, House Bill 1001, prevents these initiatives from moving forward and provides modest relief for both homeowners and businesses.

Why the Special Session Was Called

Governor Polis called the session to avoid the drastic effects of the ballot initiatives, which would have reduced property tax collections by \$2.4 billion. Instead, the bill offers a more balanced approach, with \$250 million in savings for property owners, ensuring funding stability for essential services like schools and fire protection.

Key Provisions

- 1. Tax Rate Reductions:** The bill reduces residential property tax rates by 2%, saving homeowners about \$50 annually for a \$500,000 home. Non-residential property owners, including auto dealerships, benefit from a 7% reduction, with potential savings of \$800 annually for a \$1 million property.
- 2. Revenue Growth Caps:** It limits local government tax revenue growth to 5.25% per year and caps school district revenue increases at 6%, though local voters can override these caps.
- 3. Withdrawal of Ballot Initiatives:** In exchange for passing this legislation, the proponents of Initiatives 50 and 108 agreed to withdraw their measures from the 2024 ballot, preventing deeper cuts to property tax revenues.

Impact on the Auto Industry

Colorado's auto dealerships, which often occupy large commercial properties, are among the biggest beneficiaries of the tax cuts. The reduction in non-residential property tax rates offers significant savings, allowing dealerships to manage their tax liabilities and reinvest in their businesses. However, concerns remain about the bill's impact on public services like fire protection and infrastructure, which could face funding shortfalls due to the revenue growth caps.

Our Broader Involvement

While the bill provides immediate relief, it doesn't offer a permanent solution to Colorado's property tax challenges. CADA will continue to monitor developments and advocate for policies that support the long-term health of the industry.

CADA is involved in broader legislative efforts to shape tax policy. We are participating in the Sales Tax Simplification Task Force, which aims to streamline and improve tax regulations to make them more manageable for businesses. We are also engaged with the Legislature's Oversight Committee on Tax Reform, working to ensure that any proposed tax reforms consider the implications for the automotive industry and support a fair, balanced approach. If you have any questions or concerns about the special session, please don't hesitate to reach out to me at devin.saunders@colorado.auto.

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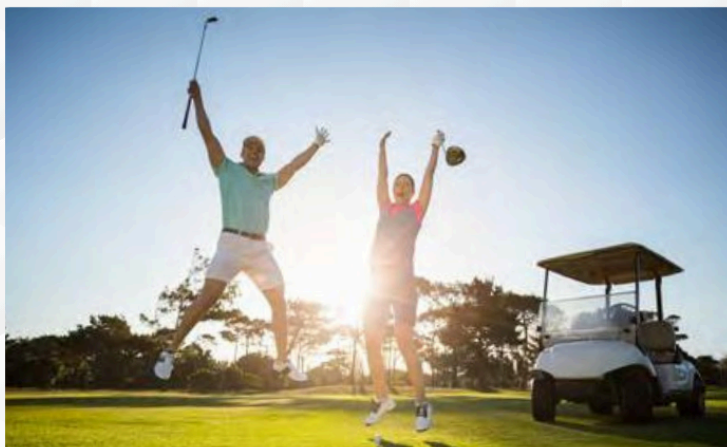
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Mark Zeigler
Clear the Air
Foundation Director

For the first time in the Clear the Air Foundation's history we've surpassed 1,000 donations. As of August 31, 2024 we reached 1,040 donations. However, 795 of these donations came through the VXC program, leaving us with 245 vehicles donated directly by dealers. If the current trend holds, we expect 368 dealer donations in 2025. The success of CTAF depends heavily on the VXC program, and your continued support is crucial to securing CTAF's future.

Thanks to this increased revenue, we've accomplished some amazing things this year. We awarded 44 scholarships, totaling \$209,000, to auto tech students working in your stores. Additionally, we partnered with the Arapahoe Community College Foundation to leverage COSI funding, which doubled our \$5,000 contribution. This partnership resulted in nearly \$20,000 worth of scholarships, including valuable student discounts from tool manufacturers. Here's a quick summary:

Scholarship Recipient

Colin Venable
Ty Congdon
Apolinar Gutierrez
Leora Johnston

Dealership

Ed Bozarth Chevrolet
Mike Ward Exotics
Mile High Honda
Alpine Buick/GMC

"This program has helped me tremendously and given me a leap in the right direction. The tools I selected through the program were tools that are difficult to obtain otherwise, mainly due to the price point, and are a huge part of our day-to-day jobs and success in our careers. There's always a way around not having the right tool; however, having the right tool for the right job saves time and eliminates hassle. Thank you, Clear the Air Foundation, for giving me the opportunity to be a part of this incredible program and for caring enough to give my career the kickstart it needed."

I appreciate your time and all your help throughout this process and look forward to meeting you and talking about how much of an impact you all have had on me."



With all this success comes a challenge of having enough qualified applicants. Please share this with your Service Manager to see if you have someone who might qualify. There are plenty of funds left to award more scholarships this year and I need your help!

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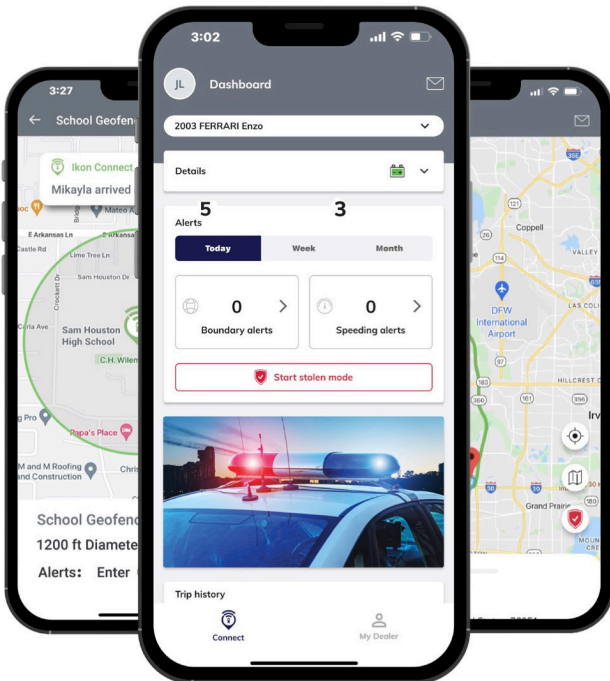
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Keeping the connection in today's car buying environment.



Myth-busting perceptions on consumer car buying.

Automotive News recently caught up with **Ashely Spring, Senior Director, Marketing Research** at Ally Financial to discuss the latest trends in car shopping and car buying from a consumer's perspective, and the intel was telling.

First, "dealers need to be able to connect and understand the unique expectations of each customer's car buying journey, to deliver the desired experience from start to finish," says Spring. When analyzing the emotions and perceptions tied to car buying, research shows that the biggest areas of disconnect between consumers and dealers are trust, intimidation, and transparency.

While the 2023 Cox Automotive Car Buying Journey Study did show a significant increase in car buying satisfaction over the previous two years, consumers still display limited trust toward traditional dealers and perceive them as having high levels of intimidation. Conversely, traditional dealers are seen as more likely to be transparent, knowledgeable, dependable, and convenient. So, "bridging this gap between perceptions and emotions of the car buying experience can help further the connection," explains Spring.

Dealers also need to be dialed in to the ever-shifting, consumer car buying habits. According to Spring, "there seems to be a growing expectation among consumers to have the ability to continue the sales process online, so dealers need to be able to reach consumers across a variety of in person and online channels."

Digging deeper into the research, differences in expectations by gender also exist. Most women, particularly millennials (27-40), reported having bad experiences purchasing cars, tying back to those emotions and disconnects. To avoid these pitfalls, over 40 percent of women exhibit greater confidence in online pricing compared to at dealerships. So, whatever dealerships can do to better arm women online, can help smooth the car buying process.

When it comes to building trust with consumers, Spring explains that "consumers are seeking limited pressure and that a one size fits all sales approach is no longer adequate." It goes back to those same emotional themes – transparency, reliability, being knowledgeable, and even convenience can help build trust. Additionally, 60 percent of consumers are looking for complimentary services when deciding where to purchase a car. Showcasing these services can help foster relationships and build long-term trust with consumers throughout the life cycle of their vehicle.

Affordability is another hot spot for consumers right now, so how can dealers appeal to consumers in a high-rate environment? Consumer interest in a variety of financing options including, length of loans, consideration of leasing, purchasing used vehicles and vehicle protection products are the rise. In the end, anything dealers can do to showcase their knowledge of the products and support consumers to help them feel empowered and in control, will help bridge the gap between their expectations and the reality of purchasing a vehicle.

To listen to the full podcast, visit:

<https://www.autonews.com/sponsored/ally-all-ears-podcast-myth-busting-perceptions-consumer-car-buying>

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