

BULLETIN

COLORADO AUTOMOBILE DEALERS ASSOCIATION



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Overtime Rule Update





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Rob Edwards
Chairman of the Board

Presidential Election & Automotive Opportunities

As we look forward after the recent presidential election, I'm filled with optimism about the opportunities that lie ahead for our industry. The election of Donald Trump signals potential shifts in policies that could positively impact automotive retailing—including trade policies, emissions regulations, energy costs, labor relations, and electric vehicle (EV) strategies.

Automakers and industry leaders are gearing up to embrace these changes. Many companies have expressed readiness to adapt to new regulations while maintaining their strategic direction, demonstrating a commitment to flexibility and growth. Likewise, industry leaders are optimistic about the future under the new administration, anticipating a climate that fosters innovation and prosperity.

Trade policies and tariffs present new possibilities. While adjustments to import tariffs aim to protect domestic jobs and enhance U.S. manufacturing, we can view these changes as an opportunity to strengthen our local industry. By proactively preparing for shifts in supply chains and inventory management, we position ourselves to better serve our customers and communities.

Labor relations also offer a chance for positive development. It's essential to focus on fair labor practices and safeguarding U.S. manufacturing, especially in critical sectors like EV batteries. By supporting our workforce and investing in their success, we build a stronger foundation for our industry.

Looking ahead, these potential policy changes bring both challenges and exciting opportunities. As leaders in the automotive industry, it's our responsibility to navigate this evolving landscape with confidence and vision. Our focus will be on adaptability, proactive advocacy, enhancing customer relationships, and empowering our employees. By uniting as an association, we can harness these changes to drive innovation and growth.

I encourage each of you to embrace this moment with optimism and determination. Together, we have the strength and expertise to shape the future of automotive retailing in Colorado and beyond. Let's seize the opportunities before us and lead our industry toward a prosperous future.

Thank you for your unwavering commitment to CADA. Together, we'll not only face the future with confidence—we'll shape it.



Matthew Groves
CEO/President

New Opportunities Amidst Significant Political Change

I want to take a moment to build on Rob Edwards' message of opportunity. Once in a decade, we are presented with a re-alignment of our governmental stars. With all the hope and optimism that one feels while starting at a clean slate. At a strategic level, these moments are rich with opportunity to reanimate how the industry could run and should be regulated – to mesh the idealistic law with economic realities.

No matter whether we are spectacularly successful, do somewhat better, or do not perform well at all, one thing is for certain. The waves of change are coming. In fact, in this politically charged environment, it's more likely to be a tsunami. And it is approaching quickly.

We've already seen the tremors. The incoming administration intends to fire career government workers over ideological differences. A non-governmental agency is charged with eliminating governmental agencies. We've heard promises of an ambitious first hundred days' platform. Courts are starting to knock down Biden-era regulations with increasing frequency. Despite that, we've had local officials in Pennsylvania go on record admittingly violating a law, saying:

"I think we all know that precedent by a court doesn't matter anymore in this country, and people violate laws anytime they want. So for me, if I violate this law, it's because I want a court to pay attention to it."

Amid the chaos, it is a great time for dealers to aim for the stars. Not all transitions are poised for such a total upheaval of the status quo and an intent to burn down the orthodoxy. If we are to thumbprint the federal regulatory scheme in a way that benefits dealers, the next 12 months will be critical for the policy team at NADA.

But what about the state level? Governor Polis, along with Illinois Governor Pritzker, have created a new council to help resist the landslide change of the new administration. If federal policy is suspended or reversed, we are likely to see attempts to replicate it at the state level. So while NADA is swinging for the fences, we will be looking for clean hits anywhere on the field of play, to reduce the risk of big, embarrassing whiffs.

Still, voters expressed some clear ideals in this cycle. Crime and public safety must be a primary focus. Even liberal bastions like San Francisco voted out their incumbent mayor

for failing to uphold safety standards. Tax increases were also unpopular this cycle, as Denver voters rejected the mayor's tax increase to support affordable housing.

What does all this mean for the Association? We must place a premium on agility. We can identify good policy without falling subject to politics. The political spotlight will dart sharply among topics in the next 12 months. We must be ready to push policy and avoid pitfalls on a moments' notice.

Navigating each wave as it comes will stop us from being sucked into a rip tide where there are no winners.

The team is prepared for this. We have spent the last two years developing our relationships and developing policy skills anticipating this moment. During COVID, we created mechanisms for daily updates on rapidly changing and contradicting information. We can revive those on a moment's notice. More importantly, we recognize this as a once-in-a-decade moment for the industry. We will be acting quickly and updating you frequently, at least in the first 100 days, when most of the anticipated policy changes occur.





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Mark Zeigler
Clear the Air
Foundation Director

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The Clear the Air Foundation has a lot to be thankful for, especially with a record-setting year. With over 1,400 donations so far this year, we've awarded 66 scholarships worth \$304,000 to auto tech students working in your stores. That's for 2024! The only challenge so far is getting enough qualified applicants. If you have a tech working in your shop who is currently enrolled in an automotive program, please have them apply [here](#). I have at least 15 scholarships to award by the end of the year, and I would like to share the wealth.

The 2024 CADA / CTAF golf tournament was a huge success! I would like to thank all the sponsors who made this event possible. Once again, we had a full field and a sponsor on every hole. The Beat the Pro and Long Drive Champion raised a record amount of donations. The wonderful weather was icing on the cake. It sure looked like everyone had a wonderful time. Be sure to save the date for next year's tournament. It will be held on Wednesday, October 8th, 2025, at a location to be determined. I've been checking out several courses and should have one locked in real soon. You'll hear about it by the end of the year.

CADA recently hosted a webinar with IPOWER Alliance. They provide profitably designed solar, energy storage, car charging and hail protection for new car dealerships. They have agreed to provide a percentage of their new car dealership revenue to the foundation, so if you are considering a hail canopy with solar panels, I encourage you to contact them. You can learn more about IPOWER Alliance [here](#).

Recent recipient, Jacob Worthington with Mike Maroone Chevrolet:

"I am incredibly grateful to the Clear the Air Foundation for awarding me this tool scholarship. With their generous support, I was able to acquire the tools I need to advance in my trade and improve my craftsmanship. These tools have already made a significant difference in my work, allowing me to be more efficient and precise. Thank you to the Clear the Air Foundation for helping me take this important step in my career."

We need more scholarship applicants!!

Please share this with your Service Manager to see if you have someone who might qualify.

Economic Impact Dinner





Jackson Piggott
Billow Barrow Fellow
for Government Affairs

Department of Labor’s Overtime Rule Update Struck Down by Federal Judge

A few months ago, CADA made a regulatory video relating to the Biden Administration’s update to the Overtime Rule under the Fair Labor Standards Act. We told you the numbers were changing in a way that would qualify more employees to become eligible for overtime. Even though many dealership employees were unaffected by this rule, we advised that you review your pay plans to see which employees would get 1.5x pay for every hour, over 40, in a work week.

Earlier this month, a U.S. District Court Judge negated all this guidance by throwing out the update to the rule. We are removing the video from our website and LinkedIn page and will post an update shortly. Here’s what you need to know now:

Increased Salary Thresholds:

- Any employee making less than \$35,568, and not subject to another exemption, must be eligible for overtime pay. Any employee above this level may be exempt under the “white collar” exemption. Broken down to weekly pay, this threshold is \$684/week.

Often, we get asked, “what if an employee is salaried/not hourly?” The threshold the white-collar exemption may be satisfied if up to 10% of overall pay is considered a commission, bonus, or incentive payment.

Initially, we advised if this rule was struck down on procedural grounds that the Administration would likely try again in 2024. Given the time left in the year before a transition of power that seems increasingly unlikely. We will monitor the new Trump Department of Labor for updates to the rule but consider this unlikely.

Nothing in this rule impacts other categorical exemptions from overtime, such as the sales and partsmen exemption.

If you have any questions, please contact CADA.

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The Rise of E-Contracting in Automotive Retail: A Win-Win for Dealers and Consumers

The number of dealerships using e-contracting has surged, with Ally alone seeing a 250% increase in e-contract submissions since pre-pandemic days. This growth is driven by the clear advantages e-contracting offers - speed, accuracy, and efficiency.

According to Mike Woodward, Executive Director of Auto Consumer Operations at Ally, e-contracting allows dealerships to be more customer-centric and enhances their digital sales processes, enabling seamless in-person and virtual financing experiences.

"One of the most significant benefits of e-contracting is the speed of funding," he said.

Woodward notes that e-contracts are processed almost a full day faster than paper contracts, in addition to the one to two days saved on mailing and scanning paper documents. This faster processing time means quicker funding for dealers, which is crucial for maintaining cash flow and inventory replenishment. Ally has implemented significant automation in its processes, enabling most clean prime contracts to be funded within 12 hours or less.

The introduction of e-contracting has made same-day contract validation and funding a viable option. E-contracts are received by lenders within minutes, allowing for increased automation in the funding process

"We see a lot cleaner contracts come in than paper contracts. So, from a dealer perspective, that's a pretty big decrease in the held contracts and really limits the rework that their F&I offices need to do to get a contract funded. Dealers also talked to us a lot about the tighter integration that these e-contract platforms have with their DMS platforms," Woodward says.

E-contracting also offers cost savings for dealerships. By eliminating the need for overnight mail costs, dealers can save significantly on shipping expenses. Faster funding means quicker payment, allowing dealers to replenish inventory more efficiently. Additionally, increased productivity in F&I offices means more time to close additional deals, providing both tangible and intangible financial benefits. The speed, accuracy, and efficiency of e-contracting streamline the financing process, offering significant time and cost savings, making it a clear win for dealers and consumers.

For more e-contracting insights, tune in to the All Ears podcast, sponsored by Ally Financial and produced by Automotive News. <https://allydealerbeyond.com/all-ears-podcast-helping-increase-dealership-efficiency-and-profitability-with-econtracting/>