

BULLETIN

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Matthew Groves
CEO/President

The Unfortunate Trend of Colorado's Legislative Sessions

One of the saddest realities of living in Colorado over the past twenty years is not so much the rapidly increasing cost of living, the restrictions of private land use, worsening traffic patterns, the continued fall of the Rockies, or the evaporation of traditional western culture. Disappointing as each may be, these all tend to be symptoms of a larger condition that becomes more acute each year. Except for the Rockies, they're their own worst enemy.

The rapid expansion of government, and the ascension of politics to the forefront of our daily lives, has been non-stop since COVID. Most of our communities now see state and local government as the top employers (competing with education and health care). An unscientific search of artificial intelligence just now states that Colorado and its municipalities employ approximately 443,000 Coloradans. That's 7.5% of the state. Think about how many of those agencies' missions include things like protecting individual freedoms or clearing the way for small businesses.

Of the 50 states in the Union, five have a state legislature that meets every other year. Ten states have full-time state legislatures.

The other 35 of us have a legislature that meets for a partial year, every year. The Colorado Constitution (Article V, Section 7) states that our legislature shall meet for a maximum session length of 120 days – typically, early January to early May. This was an indication that Government intended to be ancillary to the state's economy. A steward, not an officer or director.

While this should be ample time to legislate for a year, the state constitution includes a provision for special sessions, to address extraordinary issues outside the confines of the normal legislative session. It requires a two-third vote of the legislature, which would normally require bipartisanship. And the discussion must be limited to the matters for which the session is called.

I have been in Colorado for eight years. When the legislature convenes its 2025 special session in August, it will be my fifth special session, in addition to the 8 annual legislative sessions. This year is ostensibly to deal with the declining economic forecast for the state, and the tax bill signed into law in Washington earlier this month. Last year's largely dealt with the same issues (but, including housing). 2023 was for property tax.

In any scenario, 5 special sessions in 8 years is a trend. The trend is, we have a legislative session for the normal bills, then we have a second legislative session for the economic ones. The more regular this pattern becomes, the more it becomes a sidestep of the intent of the state constitution. Special sessions are obviously costing the state money and adding to the deficit - another issue that is constitutionally prohibited. Operations, after all, are not free. Therefore, it is in part because of these special sessions, that each year we re-convene in late summer/early fall to figure out how to make the state more money.

Of course, as government looks to become increasingly active, the business community is typically viewed through the lens of a 'pay for.' With the legislative season moving away from 120 days and towards twelve months of the year, it is as important as ever to have a strong Association as a first line of defense against having to underwrite year long government operations.

The lack of predictability over the timing of the special session has significantly interfered with our projected summer schedule of regional meetings, events, dealer visits, and subcommittee activity. But, as protecting the dealer body is our primary function, we will be attentive to every action, rumor, and idea coming our direction from the state capitol. Please be on the lookout for legislative updates in this unusual time of year as they break.





Jackson Piggott
Bill Barrow Fellow
for Government Affairs

Special Session in Sight as “Big Beautiful Bill” Reshapes Colorado’s Bent Budget – and Dealer Taxes

On July 4, 2025, President Trump signed the One Big Beautiful Bill (OBBB) into law. It permanently extends much of the 2017 Tax Cuts and Jobs Act and amends business and personal taxes, energy incentives, and social safety nets.

For Colorado, the impacts are rippling. State analysts estimate OBBB could reduce Colorado’s revenue by \$500 million and increase state costs by another \$500 million. Atop the state’s billion-dollar shortfall, the fiscal strain may force lawmakers back into a special session as early as mid-August.

Legislative leaders will address budget stabilization, Medicaid, and compliance measures tied to employee pay. One Big Beautiful Bill introduces new federal reporting requirements for dealers, including raising the 1099 threshold from \$600 to \$2,000 and requiring employers to separately list overtime pay for employees, which allows them to claim new deductions on overtime.

Federal Tax Changes That Matter to Dealerships

One Big Beautiful Bill makes 100% bonus depreciation permanent after January 19, 2025. This extension allows dealerships to

invest in renovations, equipment, or facility expansions and deduct the full cost up front, rather than scheduling depreciation. For 2025 only, businesses also have the option to elect 40 percent bonus depreciation. OBBB also increases the Section 179 expense limit to \$2.5 million, phasing out purchases in excess of \$4 million. Because most states conform with Section 179 but not with federal bonus depreciation, using the 179 deductions may also reduce a dealership’s state tax burden.

Interest Deductions & Floor Plan Financing:

In a key win for dealers: the bill restores a more generous formula for calculating business interest limits. This change means more dealers will be able to deduct 100% of their floor plan interest, especially with the addition of towable trailers and campers now qualifying as motor vehicles.

EV Tax Credit Expiration

Starting October 1, 2025, key electric vehicle credits will be eliminated, including:

- The \$7,500 new EV credit
- The used EV credit
- Commercial EV incentives for business fleets

Dealers participating in the IRS credit transfer program should urge customers to complete EV purchases before the deadline. This most likely means that credits not submitted by September 30 will not be honored, regardless of when the deal was contracted.

Individual & Ownership-Level Tax Changes

QBI Deduction Made Permanent:

The bill makes the 20% Qualified Business Income (QBI) deduction permanent for pass-through businesses like S corps and partnerships—a major win for dealer-owners. This allows many owners to continue deducting a significant portion of their business income from federal taxes.

Car Loan Interest Deduction Returns:

From 2025 through 2028, individuals can deduct up to \$10,000/year in interest on qualifying car loans for new, U.S.-assembled vehicles. This could offer a modest boost in consumer demand, especially in middle-income markets.

Overtime Pay Deduction:

Employees who qualify can deduct up to \$12,500 (\$25,000 for joint filers) in overtime pay from their taxable income. To qualify, employers must separately list overtime earnings on W-2 forms—something dealers should begin preparing for.

Other Notables:

- The Alternative Minimum Tax (AMT) exemption remains higher, but phaseouts now apply more aggressively to high-income taxpayers.
- Estate and Gift Taxes: Starting in 2026, the estate and lifetime gift tax exemption doubles to \$15 million (or \$30 million for married couples)—critical for dealer-owners engaged in succession planning.

What Comes Next in Colorado

Between the federal tax changes, rising entitlement costs, and the evaporation of federal energy incentives, pressure is building at the state level. A special session now appears likely. Items under discussion may include:

- Adjusting Medicaid eligibility and coverage
- Addressing new tip income taxability and wage reporting requirements
- Stabilizing funding for education and rural hospitals

CADA will continue providing updates as legislative proposals take shape. If a special session is announced, we will alert members to any proposed changes that could affect dealership operations, tax planning, or customer incentives.



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Mark Zeigler
Clear the Air
Foundation Director

Annual Golf Tournament

Registration is now open for the Clear the Air Foundation's golf tournament, a free event included in your dealerships membership with CADA. The tournament will be held at the Colorado National Golf Club in Erie on October 8th. Players are able to sign up as a single, double or threesome via this [link](#). Since we're focused on pairing sponsors with foursomes at this time, you won't be able to sign up more than three players. This event will book up, so if you want to play be sure to register as soon as possible.

I'm also excited to welcome Backswing Golf back to the tournament. They did such a great job last year with the "beat the pro" challenge hole I asked them to also run the long drive champ hole. This is a great way for you to support the foundation, and your contributions are appreciated! By the way, the \$25,000 hole in one prize is back this year, and I would love nothing more than for someone to win. In fact, every par 3 this year will have a hole in one contest, so you have more chances to win great prizes.

This is the most popular event the foundation hosts every year, and I hope you can make it. The foundation has recycled 811 vehicles and has awarded 30 scholarships valued at \$139,500 so far this year!

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Save THE DATE

CTAF Annual Member Golf Event



When: October 8, 2025



Time: 8:30am Shotgun Start



Location: Colorado National
Golf Course in Erie, CO



18th **CTAF**
Annual Member
Golf Event

REGISTER HERE



Dan Allison
Director of
Operations

New CADA Accounts for Dealers

As part of our ongoing efforts to enhance service and streamline operations, CADA is preparing to launch a new Association Management System (AMS) in early August. The new platform, Fonteva, is built on Salesforce, one of the world's most trusted and widely used customer relationship management systems.

The transition to Fonteva will bring a number of improvements for dealership members, making it easier to manage your relationship with CADA.

Key features include:

- A customizable online portal with individual logins for relevant dealership staff
- Easy access to past invoices, account statements, and payment records
- Secure payment options via credit card or ACH
- An integrated online store to purchase forms, calculate shipping, process payments, and generate receipts
- The ability to register for select CADA events directly through the portal

In the coming weeks, invitations to create login credentials for the Fonteva Portal will be distributed. These invitations will primarily be sent to Accounts Payable, Accounts Receivable, and other administrative contacts, as well as dealership owners and general managers, who will have the ability to manage user access for their teams.

We're excited to transition to a platform that will grow and evolve alongside CADA as we continue to improve and adapt to better meet the needs of our dealer members. Fonteva represents a significant step forward in providing a more intuitive, flexible, and responsive administrative experience.

For questions or assistance with the upcoming transition, please contact the CADA membership team at members@colorado.auto. We're here to help ensure a smooth and successful rollout.



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2025 EVENTS CALENDAR

January - May	Colorado Legislative Session	✓
February 12	Q1 Board Meeting	✓
April 17-20	Colorado Auto Show - Industry Night	✓
June 11	Q2 Board Meeting	✓
June - August	Regional Meetings	
August	Special Legislative Session	
September 8-10	Project DC & Q3 Board Meeting	
October 8	Golf Event - Clear the Air Foundation	
November 13-14	Strategic Planning Retreat	
November 13	Colorado Automotive Hall of Fame	
December 10	Holiday Luncheon & Q4 Board Meeting	



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