



BULLETIN

BARBARA VIDMAR OF PUEBLO NOMINATED AS 2006 TIME MAGAZINE QUALITY DEALER

We are pleased to announce that Barbara Vidmar, Vice President of Vidmar Motor Company, was selected by her fellow dealers as CADA’s nominee for *TIME Magazine* Quality Dealer of the Year. Barb is a leader in her business and industry, her community and most recently was elected to political office.

Business/Industry: Vidmar Motor Company sells Honda, Volkswagen, Chrysler and Jeep in Pueblo. The dealership has been in business for over sixty years and was voted the Best New Automobile Dealership in Pueblo by the *Pueblo Business Journal* in 2001 and 2002. Barb’s tenure started in 1975—over thirty years ago. A spirit of volunteerism propelled her career there: as she describes it, “every time an employee left I would volunteer for the position.” The result was a broad knowledge of dealership operations, and she fell in love with the business.



Barbara Vidmar, Vidmar Motor Co.

Serving her industry, Barb has been active with AIADA as a member of the Board of Directors, Membership Chairman and Government Relations Chairman, and ultimately Chairman in 2000. Barb is proud to have contributed to increased synergies and cooperation between AIADA and NADA during her time there and feels that two strong organizations working together benefits all dealers. She has also served on the NAD Charitable Foundation since 1988, and is a District Director on the CADA Board. **In 2000, she was named by *Automotive News* as one of the top 100 women in the North American Auto Industry.**

Community: Her spirit of volunteerism extends to her personal life and local community. She has previously served on the boards of the YMCA and the Parkview Medical Center and is currently a board member at both Southern Colorado National Bank and SCNB Holding Company. She considers her years on the Parkview Medical Center board—time spent streamlining operations to make healthcare more efficient and accessible and raising funds to redesign a one-of-a-kind Pediatric Center—to be her most rewarding civic contribution. Other noteworthy projects Barb has been instrumental in launching were through her Junior League involvement: “Own your Own Art Show” and the first shelter in Pueblo for abused women/children—both are still going strong and now run by other organizations.

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Political: In January, 2006 Vidmar began her first term as an elected official, as an At-Large member of the Pueblo City Council. For her first political campaign, Barb did not have an opponent—this was either a lucky break or everyone was simply too scared to try to run against her.

Barb and all TMQDA nominees from around the country will be honored this month at the annual NADA Convention in Orlando. CADA congratulates Barbara on this most prestigious and well-deserved honor.



RESULTS-ORIENTED LEADERSHIP: WHAT A DIFFERENCE A YEAR MAKES

George Pierce, CADA Chairman
Murray Motor Imports, Denver

During discussions last week among dealers and CADA leaders, longtime member AJ Guanella noted, "What a difference a year can make...it is amazing everything that is going on... incredible, unbelievable!" Many dealers have commented on how much is happening within the association. CADA is providing leadership within the industry at an unprecedented level.

A key example is the newly formed **Legislative Policy Committee**. When it was initially recommended that we form a legislative committee to sort through the myriad issues that pose risks to us at the Colorado Capitol, I don't think anyone, including myself, was aware of all the battles we would be fighting on behalf of Colorado's auto retail industry. However, in the weeks leading up to the start of the Colorado legislative session, it quickly became apparent that we would have more irons in the legislative fire than at any time that I recall—with most being defensive and not by choice. Many of the proposals would cause our dealerships to face higher costs and could literally threaten our ongoing economic viability in some cases. CADA's voice at the capitol—with dealers' voices there to provide support—became more important than ever. The new Legislative Policy Committee has taken an active role and has made a tremendous difference already under the strong leadership and commitment of Marvin Boyd of the Phil Long Dealerships. More about the work of this committee and the CADA Legislative Policy Agenda are included within this bulletin. I commend and thank Marvin Boyd for his active involvement and leadership. We have had some early victories, but the legislative battles continue and must still be fought.

If you or someone from your dealership is interested in serving a larger role in our advocacy efforts, we have opportunities on the Legislative Policy Committee, which meets frequently in the first four months of the year during the legislative session and infrequently throughout the rest of the year.

Dealer Meetings with Legislators Continue. CADA member dealers have now met with 53 of the 100 members of the Colorado General Assembly, in their hometowns, over breakfast, lunch or dinner. That educational effort has paid dividends already in early successes towards our legislative agenda. The meetings with legislators will continue throughout the year, with most to be held in Denver between now and the end of the current legislative session in early May.

CADA Annual Legislative Reception. The Legislative Reception was held on January 26th. We had 165 people participate, including dealer members, legislators and guests. That is up from 154 last year and 104 in 2004. Our participation levels continue to increase in all areas of our activities. We continue to confirm that when we deliver value, our dealers respond. Thanks to all who have participated. Your involvement is making the difference and is the foundation we need for success.

Colorado CAR 527 Political Education Committee. The board of directors of CADA recently voted to create a 527 political education committee, for the purpose of electing pro-auto retail industry, pro-business candidates to the Colorado General Assembly in the 2006 election cycle. Plans are underway for a major donor event to be held in March at the new Hyatt Regency Denver at the Colorado Convention Center. Details will be sent as soon as everything is finalized.

Colorado Auto Dealer Breakfast at NADA, Orlando. Invitations were mailed to all CADA members, and we hope to see many of you at the Colorado auto dealer breakfast at NADA: 7:30 am, Sunday, February 12th at the Rosen Centre Hotel, the closest hotel to the convention center.



State Senator Shawn Mitchell, R-Broomfield, will speak to Colorado dealers about '*Creating Entrepreneurial Opportunities*'. Barb Vidmar, the *TIME Magazine* Quality Dealer of the Year nominee will also be honored at the breakfast. Perhaps most importantly, this event at the NADA convention will provide you with a chance to network with your peers and colleagues. We hope to see many of you at this event, which we plan to hold annually. Spouses, dealership staff and guests are welcome to attend.

Congratulations to Barb Vidmar: TIME Quality Dealer of the Year Nominee. Many of you know Barbara Vidmar and are aware of the significant contributions that she makes to the industry and our efforts. For this year's selection process we put together a selection committee that included both association officers and past TMQDA award recipients. Future selections will be made by two committees involving officers and past *TIME* dealer honorees. Vidmar has demonstrated significant leadership in her community, within the association and within the industry. I am proud to have Barb Vidmar representing CADA for this award and honor.

If you have thoughts or concerns you wish to share, you can reach me at GeorgePierce@MurrayMotors.net or contact Tim Jackson at CADA at 303.831.1722 or Tim.Jackson@CADAonline.org.

Thanks for all you do to move the auto retail industry forward here in Colorado.

George Pierce

CADA Steps up Training & Education Efforts

Tim Jackson, CADA President

As a founding member of the Colorado Civil Justice League, a tort reform organization, and an active supporter of lawsuit fairness measures, it is my personal mission to ensure our dealers are fully and adequately alerted to compliance issues and potential legal threats. Towards that end, CADA staff is focusing significantly more time and energy to bring you compliance training and certifications that can keep dealerships out of the cross-hairs of regulatory compliance officers and personal injury trial lawyers.

Bankruptcy Seminars. CADA recently hosted a seminar on consumer bankruptcy cases to address dealer's rights and negotiating strategies during a bankruptcy proceeding. Many dealers are now being hit with demand letters from creditors to pay on losses they have suffered when a consumer filed bankruptcy. A large number of cases are still working their way through the system in the aftermath of a rush by consumers to file bankruptcy in the run-up to the October 17th implementation date of new federal reforms. Over forty people registered and attended the CADA seminar. Participant feedback was extremely positive. More training and education programs that meet the needs and demands of today's dealerships are in the works.



CADA F&I Resource Center: AFIP Compliance and Upcoming March Seminars. The professional staff at CADA's F&I Resource Center has developed new training and educational opportunities for you and most recently has established a program for AFIP certification. *More details are contained in this bulletin.*

Advertising Compliance Seminar. CADA will bring the compliance and enforcement staff of the Department of Revenue Auto Industry Division together with CADA general counsel, Bill Walters, to discuss both state and federal advertising laws and regulations. *More details are contained in this bulletin.*

CADA Membership in NADC. CADA recently joined the National Automotive Dealers Counsel and is proactively monitoring legal issues, legislative developments in other states, and doing all that we can to stay alert to potential lawsuit threats and compliance risks.

Please contact me if there are any training topics you would like to see CADA offer. I look forward to seeing many of you in Orlando at the NADA convention.

Tim Jackson



CADA LEGISLATIVE POLICY COMMITTEE WINS EARLY VICTORIES

Marvin Boyd, Phil Long Dealerships
Legislative Policy Committee Chairman

CADA recently created a Legislative Policy Committee to study, research, analyze and prioritize legislative issues of interest, both short and long term, for the auto retail industry for 2006 and beyond. The priorities for 2006 are those most important to creating a sound environment for auto retail sales, job creation, entrepreneurial opportunity and economic risk-taking.

Many dealers have been active and attended meetings with legislators to communicate CADA's position and provide necessary and compelling reasons for legislator support. Thanks to each of our members who have met with numerous legislators in recent months. Our investments in building relationships with legislators over the past year have made a significant difference on every issue we face.

Our CADA legislative scorecard has already posted some impressive victories:

Victory #1: CADA defeat of International Trucks-led attempt to allow manufacturers to sell used vehicles retail (SB06-076). The measure was killed in a January Senate committee hearing.

BACKGROUND: CADA launched an aggressive campaign on the part of car and truck dealers, with an emphasis on those who would be most adversely affected. Member dealers met with each of the committee members who would visit with us (six of the seven) for breakfast, lunch or dinner meetings. As legislators heard the dealer side of the story, more and more broke in favor of our position to prohibit manufacturers from selling retail. We are working now to prevent a House bill from being filed with the same objective as the recently killed Senate bill.

Victory #2: Avoided legislative filing of Colorado Auto Buyers Bill of Rights by Rep. Debbie Benefield, D-Arvida. A series of meetings with the bill sponsor, Rep. Benefield, led to her agreeing that legislation is not necessary. We also met several times with House Speaker Andrew Romanoff, D-Denver, who indicated his belief that no similar legislation will be introduced this year.

BACKGROUND: Through a series of face-to-face meetings with state Rep. Benefield, between Thursday, October 6th, 2005 and Friday, January 20th, 2006, CADA leaders and other auto retail industry partners were able to persuade Benefield that sufficient consumer protection and disclosure are already a part of the system. The best way to ensure the process works is to better enforce existing statutes and regulations and fully fund the compliance and enforcement activities at the Auto Industry Division of the Department of Revenue

Victory #3: CADA legislative committee and board leaders met with the Executive Director of the Colorado Department of Revenue, Michael Cooke, and her staff on Friday, February 3rd. There was general agreement on the broad array of issues discussed and no real disagreements. Here are some of the issues addressed:

Titles and licensing for autos – permits and plates

The Department of Revenue staff is proposing that Colorado move from issuing temporary permits on the sale of a motor vehicle at the dealership, to issuing a hard plate with a sticker indicating its short-term (sixty to ninety days) expiration. The legislative policy committee conceptually supports this proposal.

Salesperson and/or wholesaler licensing

The Denver Auto Auction has proposed some modifications in salesperson and wholesaler licensing. A CADA Topic Group has initially agreed to two of the three proposals. The DOR staff tentatively agrees with the CADA position.

Development of online licensing – salespersons

CADA and the CIADA are conducting beta testing on an Internet-based salesperson licensing system that enable salespersons to obtain licenses without leaving the dealership and start selling immediately. CADA estimates that we are a minimum of six to eight weeks away from project completion. DOR supports that change and, in fact, originally recommended it to the associations.

Dealer plates – Full Use, Depot, Transit, D-Tags (moving to one dealer plate)

DOR staff and leadership would like to see a consolidation of plates used by dealers (provisionally under the full-use descriptions). CADA's operational position is to support the proposal PROVIDED the change (both license and use tax) would be revenue neutral. More discussion is expected before going forward.

Increased enforcement – and compliance by DOR – AID (appropriations)

CADA and the DOR reached a mutual agreement that increased enforcement and compliance with existing statutes and regulations are needed and should be proposed in the upcoming state fiscal process. CADA leadership believes this is the best course of action to protect consumers from unlicensed and undercapitalized dealers in contrast to new consumer protection statutes that would be enacted under the guise of a “Car Buyers Bill of Rights” similar what California enacted.

**Time allowed to provide titles – issue of release from previous lien-holder**

CADA leaders expressed concern over the delay dealers experience when accessing titles from lien holders for trade-in vehicles. DOR officials now more fully understand the issue and will work with CADA and the industry to identify solutions.

Make-up of the Motor Vehicle Dealer Board

While this issue did not come up directly in the conversation, we anticipate it will be a subject for the sunset review of the auto industry division, scheduled for later this calendar year.

Colorado Franchise Act – need for enforcement, due process provision

Michael Cooke agreed to support CADA's efforts to add the enforcement provision currently lacking in the Colorado Franchise Act. Dialogue continues with potential legislative sponsors in anticipation of legislation this session.

Lien perfection timing to avoid bankruptcy loophole

CADA informed DOR officials of the high risk situation dealers are jeopardized by through the current lien perfection timelines under Colorado statutes. DOR staff offered to help convince county clerks and their association leaders of the current dilemma as well as offering logical solutions to address it (see legislative solution later in this report).

Looking Ahead**Lien Perfection**

A bill that will define the lien perfection process as complete upon delivery of title application/lien perfection paperwork to the county clerks will be heard at the Capitol soon. SB06-163 was originally scheduled for the Tuesday, February 7th Senate Transportation committee meeting, but was postponed. When the bill is heard in committee, various CADA member dealers, including Lee Payne of Planet Honda and Joe Curtin of John Elway Honda North, plan to testify in support along with a coalition from lending institutions that have now become very involved in support of this issue.

Workers' Compensation

A “Physicians Choice” bill, if enacted, would increase premiums by two-percent. It is scheduled to be heard in the House Business Affairs and Labor committee on Wednesday, February 8th. Scott Arnold, Phil Long Dealerships, will be present to testify on behalf of CADA in opposition to the proposal.

New Member on the CADA Lobby Team

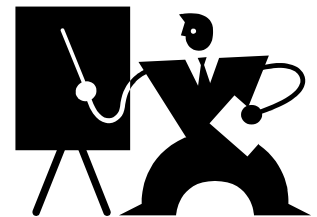
Mike Feeley, former Minority Leader in the Colorado Senate, has joined the CADA lobby team as a contract lobbyist to assist in obtaining the votes necessary for legislative wins in the Colorado House and Senate. Mike is well-respected in the Colorado General Assembly and is an effective and influential business advocate. He is pleased to be a part of the CADA lobby effort during this unusually heavy year of issues facing dealers.

Marwin Boyd

ADVERTISING COMPLIANCE SEMINAR: FRIDAY, FEBRUARY 17TH

Auto Industry Division enforcement personnel and CADA general counsel Bill Walters will review both federal and Colorado advertising laws and regulations. This is a unique opportunity to hear from the Colorado Dept. of Revenue Auto Industry Division compliance staff regarding advertising violations by dealers.

- Division staff will review specific ads and common areas of non-compliance.
- Ensure your key dealership personnel are informed; avoid fines or penalties.



DATE/TIME: 11:30 am to 2:00 pm, **Friday, February 17, 2006** (lunch & materials provided; cost: \$89/person)

LOCATION: CADA and MDADA offices, William D. Barrow Building, 290 East Speer Blvd., Denver

To register: Tim Jackson, Tim.Jackson@CADAonline.org or Tammi McCoy, Tammi.McCoy@CADAonline.org



F & I RESOURCE CENTER

YOUR F&I COMPLIANCE AND PROFITABILITY HEADQUARTERS
 OFFICIAL TRAINING AND CERTIFICATION CENTER FOR THE NADA-ENDORSED
 ASSOCIATION OF FINANCE AND INSURANCE PROFESSIONALS (AFIP)

UPCOMING F&I SEMINARS: MARK THESE DATES

Comprehensive F&I Seminar. This two-day comprehensive seminar provides an overview of F&I legal compliance and selling techniques. It includes coverage of current laws and how they affect you; the menu selling process including scripts, value and benefits selling, service agreements, and disclosures; how to sell and overcome objections in a non-confrontational way; and F&I department responsibilities regarding credit applications, bank rapport and dealer financing.

DATE/LOCATION: 9:00am to 5:00pm each day, **MARCH 6TH & 7TH**, Denver

DATE/LOCATION: 9:00am to 5:00pm each day, **MARCH 9TH & 10TH**, Grand Junction

Contact Larry Pullen or Sarah Dahl at CADA: 303.831.1722

larrypullen@cadaonline.org or sarah.dahl@cadaonline.org

PROTECTING YOUR DEALERSHIP: ARE YOU COMPLIANT?

Compliance has been at the forefront of the auto industry recently—and for good reason. It has been one of the answers to the negative media coverage and the numerous lawsuits threatening the industry. It was also the primary focus of this year's F&I Seminar in Las Vegas. With such an intense spotlight on compliance and the negative effects of doing business without it, it is time to ensure you are protected against negative media and costly lawsuits.

“... the next three primary risk areas of lawsuits against dealers will be negative equity, GAP disclosures and limitations, and the FTC Safeguards Rule.”

“Suing dealers has become a growth industry,” (*Automotive News*, 2003), so what can you do to make sure your employees have what they need to keep you out of court? **Certification of all your F&I staff, along with key management, is the first step in protecting yourself against lawsuits and negative media.** In-depth compliance knowledge and know-how are vital to your success, and such certification programs like AFIP and comprehensive F&I seminars are essential to providing just that. We at CADA are dedicated to helping you and your employees receive the proper training and recognized certification you need. Please contact us for additional information about our ongoing training seminars.

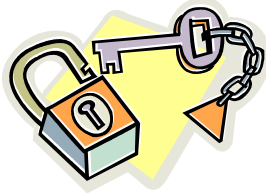
An informed “compliance cop” to oversee compliance in all areas of your dealership is another essential measure to take. This person should be certified to implement the **five key requirements of the federal Safeguards Rule:**

1. Designate an individual to coordinate your information security program.
2. Identify internal and external risks to the security, confidentiality and integrity of customer information.
3. Design and implement safeguards to control the identified risks.
4. Oversee service providers.
5. Evaluate and adjust the safeguards over time to correct any inadequacies, respond to changes in risk and ensure their continued effectiveness.

These five broad requirements cover every aspect of your dealership from how you pull a credit bureau file to your electronic files.

Make sure your employees are using compliant business practices everyday. According to James Ganther, Vice President and General Counsel for Continental-National Services Corporation, “yesterday’s business

practices are today's felonies." He predicts the next three primary risk areas of lawsuits against dealers will be negative equity, GAP disclosures and limitations, and the FTC Safeguards Rule. You can avoid these potential risks by complying with current laws; staying alert to lawsuits in other states; reviewing the language in your GAP contracts to make sure it is in compliant with Rule 8 of the Colorado UCC Code; and limiting access to your computer system with password protection, firewalls, encryption, intrusion detection and virus protection.



Your F&I team can further protect your dealership by locking up all files, limiting public access to their offices by keeping doors locked. Also, you can put a shredder next to each copy machine to immediately destroy copies of driver's licenses, insurance cards, registration information, or any other customer information that is not needed. Make sure your salespeople have limited access to customer information and do not keep any unnecessary information at their desks. Even a customer follow-up list can violate the Safeguards Rule. And, finally, check every customer with the OFAC's Specially Designated Nationals and Blocked Persons list.

With over one hundred ways to possibly "defraud" a customer in the auto industry, it is important to your success and reputation to implement training, certification, and a Code of Business Conduct and Ethics that encompass compliance. Action instead of reaction will help ensure that you and your dealership remain compliant and profitable. As always, we at CADA are here for you, so please call us with any questions and for all of your compliance training and certification needs.

Contact Larry Pullen or Sarah Dahl at CADA: 303.831.1722

larrypullen@cadaonline.org or sarah.dahl@cadaonline.org



DEALERSHIP HIGHLIGHTS, MILESTONES AND TRANSITIONS

Ralph Schomp Automotive – One of three finalists for the 2005 Better Business Bureau (BBB) Torch Award for Marketplace Ethics; owned and operated by the same Denver family since 1941. Lisa Schomp, owner and CEO, introduced the innovative "One-Price" business philosophy in 1993. Schomp cars have a firm, competitive price clearly posted and salespeople receive salaries. The BBB recognized Schomp for "best practices among auto dealers not only on a local level, but nationwide through its legacy of honesty, integrity and commitment to the Colorado community." Lisa Schomp was honored at a November awards ceremony.

- **Christina Dawkins, Co's BMW**, moved from Fort Collins to a new location at Crossroads and I-25, Loveland. The new store had a standing room only grand opening event with a crowd estimated at 700+.
- **Joe Gephardt, Nick Davidson Motors**, purchased the Subaru franchise in Loveland from **Rex King**.
- **Tim Hellman**, brother of **Bill Hellman, Hellman Motor Co.** (Ford, Chrysler, Dodge, Toyota) along with two partners has purchased **Phillips Auto Plaza**, Delta. Tim took ownership and possession in January, 2006. The dealership is now **Hellman Chevrolet, Pontiac, Buick**.
- **Greg Zindorf** is now General Manager at **John Elway Chrysler Jeep** on Broadway, Littleton.
- **Dick Johnson, Johnson Auto Plaza**, Brighton has purchased the Chevrolet franchise in Brighton.
- **Rex King, King Pontiac GMC**, purchased the Buick franchise in Loveland from **Nick Davidson Motors**.
- **Eric Stewart** is now General Manager at **Lithia Colorado Chrysler Jeep** on Havana, Aurora.
- **JP Phillips** is now General Manager at **Lithia Dodge of Cherry Creek**, Aurora.
- **Jim Lyall** is now dealer principal at **Len Lyall Chevrolet**, Aurora. **Dan Johnson** is now General Manager.
- **Bob and Craig Fisher, Fisher Chevrolet Honda**, Boulder, have sold their Pontiac franchise to **Mark McCaddon, McCaddon Buick Pontiac GMC Cadillac**, Boulder.
- **Phil Bonfanti** is now General Manager at **Mike Naughton Ford**, Aurora.
- **Ron Bubar** has taken possession and ownership of **Rocky Mountain Subaru**, Grand Junction.
- **Kelly Franks** is now General Manager at **Saturn of Longmont**.
- **Nick Velaquez** is now General Manager at **Saturn North**, Thornton.

IN MEMORIAM

We are saddened to inform you that we have lost some long-time auto industry pioneers. We wish to acknowledge the lifetime of dedication, service and commitment by all of these individuals and extend our deepest sympathies to family members and friends.

Delbert Wayne Bevan

Delbert Wayne Bevan, 82, of Center, passed away November 26, 2005. In 1946, Delbert joined with Louis Wertz to found Center Motor Car Company, the oldest owner operated Ford dealership in the nation, where he remained an employee/owner until his death. He served his country in World War II as a B-17 gunner from April 1943 until March 1946. Aside from his military time overseas, he had lived in Center since high school. Delbert served as director on the CADA board from 1991-1994.

Gerald (Jerry) A. Faye

Jerry Faye passed away on December 28th, 2005. Jerry served as Executive Director for the Colorado Independent Auto Dealers Association for the past fifteen years. In that capacity, he worked closely with CADA on legislative and industry issues of importance to both CADA and CIADA members. Prior to his position at CIADA, Jerry was the Fleet Manager for Johnny Haas Lincoln Mercury and spent several years operating his own used car lot.

Harry Dowson

Harry Dowson, longtime Denver auto dealer and past owner of Empire Olds Honda and Empire Lakewood Nissan, passed away on December 31st, 2005. He was 98 years old and was involved with dealerships in Denver for over 65 years.

Dowson entered the automobile business with his father-in-law, Roy J. Weaver, in September, 1939. In December, 1941, he and three other Denver automobile dealers organized an Ordinance Battalion in Colorado, Wyoming and New Mexico. He finished his Army tour as a Major in the Air Corps in 1945 after three years of service. Dowson re-entered the automobile business in 1945 as Finance Manager of Weaver-Beatty Motor Company. He then formed Empire Oldsmobile, Inc. in 1950 and oversaw its operation as President at 6160 East Colfax until 2002. He was CEO of Empire Lakewood Nissan until his passing.

Harry served as the Metro Denver Auto Dealers Association President in 1978-79, the Vice President in 1977-78 and four terms as a district director: 1953, 1954, 1959, 1960. He was also a CADA district director in 1960 and 1961 and was selected as the Time Magazine Quality Dealer for Colorado in 1988. He served on the State of Colorado Dealer Licensing Board for twelve years and as Vice President of the Board for a year.

Harry was active in community service with Rotary and his church, serving as Vice President of the Board of Managers of Presbyterian-St. Lukes Medical Center for twenty years. He is survived by his wife and sons, including CADA member Dean Dowson, owner of Empire Lakewood Nissan, as well as several grandchildren and great grandchildren.

Wayne D. Kuni

Wayne D. Kuni, Founder of Kuni Automotive, the parent company of Lexus of Colorado Springs, Kuni Lexus and Burt Kuni Honda, passed away on February 3, 2006. He was 75 years old. Wayne began his career at the Chevrolet Motor Car Division. He spent fifteen years with the Motors Holding Division of General Motors Corporation where his last position was that of National Investment Manager. In 1970, Wayne founded Kuni Cadillac & BMW, Inc. in Beaverton, Oregon. Always one to look for opportunities, Wayne grew his company into 10 dealerships (primarily luxury) in 4 Western states, employing over 850 people.

TAX INCENTIVES FOR ALTERNATIVE FUEL VEHICLES: STATE

Colorado income tax credits are available for the purchase of an alternative fuel vehicle, for a motor vehicle that is converted to use alternative fuel, or for the replacement of the power source with a power source that uses alternative fuel. To qualify, the vehicle must be titled and registered in Colorado. (§39-22-516 C.R.S.)

The Colorado Department of Revenue Taxpayer Service Division has a detailed FYI document that provides a thorough explanation of the tax credits, including actual amounts of available credits for certain vehicles, how consumers apply, and other pertinent information. It can be downloaded online:

<http://www.revenue.state.co.us/fyi/html/income09.html>.

TAX INCENTIVES FOR ALTERNATIVE MOTOR VEHICLES: FEDERAL

Alternative Motor Vehicle Incentives - Effective January 1, 2006 Tax Credits For New Hybrids and Lean-Burn Diesels

Included in the "Energy Policy Act of 2005" were Federal tax credits for the purchase of new hybrid, advanced lean-burn diesel, fuel cell and clean fuel vehicles. The tax credit, which took effect on January 1, 2006, replaces the tax deduction available for hybrid vehicles in previous years. This summary focuses on hybrids and lean-burn diesels.

Under the new law a complex formula is used to calculate the exact tax credit amount for vehicles and the Internal Revenue Service has not yet made an announcement on the tax credit amounts for specific models. NADA will provide further information on the new tax credit as soon as it is released by the IRS and the legislative office will continue to work with manufacturers and policymakers to ensure that dealers can assist their customers in understanding the practical aspects of this law.

- **Individuals or businesses that purchase new hybrid vehicles will qualify for Federal tax credits of up to \$3,400 but the credit amount varies by model.** The amount of credit is based on fuel economy (fuel economy of the vehicle compared to a 2002 model year standard) and a conservation credit (estimated lifetime fuel savings of a qualifying vehicle compared to a comparable 2002 model year vehicle.) While the IRS has not yet issued the tax credit amounts for particular models, please see the American Council for an Energy-Efficient Economy's website for estimates of the credits: www.aceee.org/transportation/hybtaxcred.htm.
- **The tax credit is also applicable for new clean diesels – and qualifying vehicles are expected to be on the market in late 2006.** To qualify for a credit, vehicles must also achieve clean emissions performance under EPA's Tier 2 emissions standards. Manufacturers of diesel vehicles are now developing the technology to market vehicles that will qualify for the credit. Utilizing new emissions control technology and low sulfur diesel fuel that will be available in late 2006, manufacturers anticipate qualifying vehicles in model year 2007.
- **The tax credit will phase out at different times for each manufacturer. Once an automaker reaches 60,000 hybrid and lean-burn diesel sales, buyers of these vehicles can only get the full tax credit for the remainder of that quarter and the next quarter.** The credit then phases out, with it worth 50% in the first two calendar quarters of the phaseout period, 25% for the third and fourth calendar quarters of the phaseout period, and 0% thereafter. Toyota predicts it will sell 140,000 hybrid cars and light trucks in 2006, so the phaseout period would likely begin before the end of 2006. Honda predicts it will sell 50,000 hybrids in 2006, allowing the full credit to last until mid-2007. Ford predicts it will sell about 20,000 hybrids in 2006, and the rest of the Big Three produce even fewer, giving the credit greater longevity.
- **For sales of vehicles used by tax-exempt entities, the person who sells the vehicle is treated as the taxpayer and able to claim the credit so long as the amount allowable as a credit is clearly disclosed to the user in a document.**
- **Dealers should be aware that some state and local governments also provide incentives for hybrid and alternative fuel vehicles.**

Source: NADA Legislative Bulletin, January 4th, 2006.

STATE & LOCAL TAX RATE UPDATES:

REMINDER: Make sure you are current on tax rate changes:

The state publication, **DRP 1002 Colorado Sales/Use Tax Rates**, can be downloaded online from the state; it contains detailed information on sales/use tax rates, and is **updated in January and July of each year**. The latest version was updated January 13, 2006, and can be downloaded at:

<http://www.revenue.state.co.us/PDF/drp1002.pdf>.

For a summary of January 2006 changes, see attachment to this bulletin.

July 2006 Changes for Castle Rock and Larkspur. As an early notice, CADA staff has been alerted that there will be some key changes in Castle Rock and Larkspur related to those localities special and RTD districts. Please watch for updates closer to July, 2006.

IDS Tax Jurisdiction lookup by address -- system to remain available for now:

The state tax jurisdiction by address computer system termination date that was originally scheduled for December 15th, and then delayed to February 15th, 2006 has now been delayed indefinitely. CADA will be distributing a more in-depth memo on this issue soon and continues to monitor developments.

NOTE: Even though the message on the IDS log-in screen may still display the February 15th cut-off date, CADA staff has been notified and assured that it has been postponed.



NADA Director's Column: Participation is the Key

Jeff Carlson, Glenwood Springs Ford
NADA Director—Colorado

NADA membership is at an all-time high. At the end of 2005, NADA had **20,026 members—more than 93 percent of franchised new-car dealers**. That's up from 81 percent of eligible dealers in 1991. Dealers have gotten the message that NADA membership can help their businesses grow. To continue to prosper, we all need to get involved and stay involved with association, industry and community activities. Join a 20 group. Participate in your automaker's dealer council. Host a child safety seat check or a career event for students in your community. Dealers make the difference! Together, we can accomplish so much more than we can individually.

In NADA news:

- Have you used technology in an innovative way to solve a problem at your dealership, or do you know another dealer who has? The **NADA/USA Today Dealer Innovation Award** is for dealers who've led efforts to improve sales and marketing, customer service, dealer image or human resources by developing and implementing technology initiatives in 2005. Want to apply or nominate a dealer? Watch upcoming NADA publications for details.
- As the automotive industry becomes increasingly global, NADA will debut an **International Affairs Department** this spring. "Our involvement in international activities has grown exponentially over the past few years," said outgoing NADA chairman Jack Kain. Hundreds of dealers from other countries regularly attend the NADA convention, and the association will host its fourth International Roundtable at the Orlando show, February 11 to 14. Also, automakers' U.S. leaders are more likely than ever to have extensive international experience. The new department will provide analysis and serve as an information resource for NADA by tracking international developments affecting the auto industry. "We represent new-car dealers in the U.S., big and small, domestic and international, and to do that most effectively, the time has come to approach international automotive affairs in a much more systematic manner," said NADA president Phil Brady.



- NADA continues to work to educate consumers about car-buying and financing and ownership. To order copies of NADA's "**Smart Car Buyer's Guide: Getting the Most from Your Dealership**" for your customers, e-mail help@nada.org; they're available in packages of 100 for \$39.95 each, plus tax, shipping and handling. One copy of the guide was included with the December issue of *AutoExec*.
- The **winter 2006 NADA Dealer Attitude Survey**—your chance to give feedback to your manufacturers—**must be postmarked by Feb. 22. It can also be filled out online by Feb. 22 at www.nadasurvey.com.** And remember that for every completed survey, NADA contributes \$1.00 to the respondent's charity of choice: the American Cancer Society, Children's Angel Flight, or the Make-a-Wish Foundation. In the past 10 years, NADA has donated more than \$134,000 to these groups and others.
- Extend your **2006 NADA convention experience**: Review the coverage posted on www.autoexecmag.com and order workshop tapes and CDs from www.PlaybackNow.com. Plus, you can visit the convention Web site (www.nada.org/convention) to view information on the convention exhibitors and additional virtual exhibitors. All information will be posted through June.
- **Ninety-four percent of U.S. franchised new-car and light-truck dealers have Web sites**, according to the annual Dealership Internet Survey from NADA's Industry Analysis Division. (This proportion has doubled since 1994.) Most dealership Web sites allow car shoppers to view stock and MSRP, fill out finance forms, and schedule sales and service appointments. Many others allow online ordering and link directly to related financial, insurance and auto sites. Dealers say their most common online customer-care tasks are responding to requests for price quotes and setting up service and sales appointments.

In NADA legislative and regulatory news:

- Consumers can get **federal tax credits** for the purchase of **new hybrid, advanced lean-burn diesel, fuel cell and clean-fuel vehicles**. *See more detailed article in this newsletter.*
- The Uniformed Service Employment and Reemployment Rights Act of 1994 (**USERRA**) **governs the way employers treat employees who may be deployed as members of the uniformed services**. Among the provisions: Employers may not deny initial employment, reemployment, retention, promotion or any employment benefit simply because an employee is or has been a member of the uniformed service, has applied to serve, or is obligated to serve. USERRA also specifies certain reemployment and health insurance coverage rules. **Dealerships must post the updated USERRA notice that informs employees of their rights, benefits and obligations**. For a printable copy, go to www.dol.gov/vets/programs/userra/USERRA_Private.pdf Questions? E-mail regulatoryaffairs@nada.org.
- NADA applauds a **Louisiana bill** recently signed by Gov. Kathleen Blanco **that will require any vehicles whose power trains, computers or electrical systems were damaged by flooding and declared total losses to be either dismantled, crushed or sold for usable parts**. House Bill 11 passed both the state House and Senate and will apply to all flood vehicles totaled as a result of a governor-declared disaster, except antique vehicles and those weighing more than 20,000 lbs.
- Dealers recently have reported being **sued for violating federal Company-Specific Do-Not-Call (DNC) rules**. These rules predate, and are entirely separate from, the National DNC Registry rules that took effect in October 2003. For a brief recap of the Company-Specific DNC rules, visit www.nada.org/do-not-call. *A copy is included as an attachment to this bulletin.*
- The National Traffic and Motor Vehicle Safety Act now **prohibits schools and school systems from buying or leasing new 15-passenger vans to transport students** unless the vans comply with the standards for school buses or multifunction school activity buses. Prior to the law, only a dealership's sales of these vehicles were regulated; now both parties to the transaction are regulated. The new law also modifies the civil penalty for violations of these provisions. A single violation now carries a civil penalty of up to \$10,000; the maximum civil penalty for a series of related violations is \$15 million. For further information on restrictions governing the sale or lease of large vans or small school buses, go to www.nada.org/regulations (requires member log-in).

Please let me know what I can do for you regarding NADA programs, products and services.

Jeff Carlson

CADA Board of Directors 2005-2006

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Bulletin Questions or Comments? If you have questions about items in this bulletin or ideas/suggestions for future article topics, please contact: **Tammi L. McCoy**.

List of Enclosures to this Bulletin:

- NADA Summary of Company-Specific Do-Not-Call Responsibilities, December 2005
- NADA Memo, Jan. 11, 2006: Final Regulation FF; FACT Act re: Medical Information in credit decisions
- Colorado Dept. of Revenue – Tax Alert: Sales Tax Changes Effective January 1, 2006
- Reynolds & Reynolds article reprint from Spot Delivery, Hudson Cook, LLC: Adverse Action violation alleged against dealer under Equal Credit Opportunity Act
- Mountain States Employers Council – January and February Bulletins

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