

MARCH 2022

NADA SHOW

M A G A Z I N E



READY, SET, GO!

NADA Show is back in person—
bigger and better than ever!



NATIONAL AUTOMOBILE DEALERS ASSOCIATION



PROVEN

99% DEALERSHIP RETENTION

B.I.

DEALER ANALYTICS

GROUPS

CONSOLIDATION EXPERTS

A.I.

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**BOOTH
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**A DMS THAT
DOES MORE!**

Contents

MARCH 2022

NADA Show Magazine



READY, SET, GO!
NADA SHOW 2022

PROFILE
ALFORD TAKES THE WHEEL

32



2022 NADA
Chairman
Mike Alford



LEADING THE CHARGE
PLUGGING INTO EVS



TRANSPORTATION
POLICY UPDATE



REGULATIONS
COMPLIANCE GUIDANCE

INSIDE

- 5 **Welcome**
Better together.
- 6 **Year in Review**
NADA annual update.
- 14 **NADA Show**
Bigger and better than ever!
- 20 **TIME Dealer of the Year**
Nominees for this year's award.
- 22 **Leading the Charge**
Plugging into EVs.
- 26 **Transportation Policy**
EVs, AVs and infrastructure.
- 32 **Michael Alford**
Profile of 2022 NADA chairman.
- 36 **Who's Who at NADA**
2022 officers, board of directors.
- 40 **NADA Data**
Financial dealership overview.
- 44 **COVID Assistance**
Programs and guidelines.
- 46 **Regulatory Maze**
Laws, regs and your store.
- 54 **NADA Century Award**
Proud past, promising future.
- 58 **Buyer's Guide**
Products and services.
- 62 **NADA Show 2023**
Dealers in Dallas.
- 64 **Upcoming Shows**
Eye on the future.

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Digital Contents

MARCH 2022

NADA Show Magazine

Along with *NADA Show Magazine*, NADA offers timely coverage on its digital platforms all year long.



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WE CAN.

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what they want,
why they want it,
what will make
them buy it,
and what will
bring them back.

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Welcome

MARCH 2022

NADA Show Magazine



BETTER TOGETHER

During the past two years NADA, like its dealer members, learned quickly to adapt to constant challenges from an ever-changing pandemic. This included the first-ever, all-virtual NADA Show last year.

But digital facetime is not the same as meeting face to face. Dealers, after all, are always better together.

That's why NADA is excited to be returning to Las Vegas as a lively in-person event, full of workshops, dealer/franchise meetings, networking events, keynote speakers and the comprehensive Expo, with all the latest dealership products and services.

To help celebrate this dealer reunion, NADA is hosting an iconic Welcome Kickoff Reception at the brand-new Allegiant Stadium—home of Las Vegas professional football. The evening features a musical performance by the Grammy Award-winning band Train, as well as a spirited performance by the Drumbots—the official drum line of the NHL Vegas Golden Knights.

The fun continues at the Las Vegas Convention Center, where NADA Show has booths in both the North Hall and newly renovated West Hall, an architectural marvel with 14 million square feet.

Also new at the Show this year: a focus on electric vehicles. Panel discussions, learning sessions and even an “Electric Avenue” have been created to help dealers navigate today's burgeoning EV landscape.

And as always, NADA is committed to hosting a safe and responsible Show by following state and local guidelines. (Get details at nadashow.org or by speaking with staff on-site.)

NADA Show is where dealers make—and renew—one-on-one personal connections that can last a lifetime. This year is no exception, although you'll surely find the Show itself to be truly exceptional.

So let the Show begin. Ready, set, go!

PRESIDENT AND CEO
Mike Stanton

**SENIOR VICE PRESIDENT,
PUBLIC AFFAIRS**
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2021 Year in Review

NADA annual highlights.

BY JOE PHILLIPS

1 JANUARY

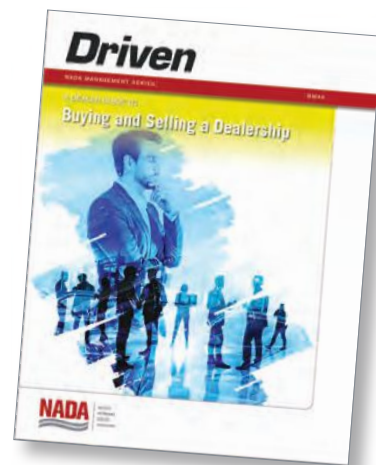
- Mike Stanton becomes NADA president and CEO.
- NADA issues analysis of 2020 auto sales.
- NADA begins outreach to new Congress and President Joe Biden's administration.
- Throughout 2021, NADA monitors market trends via monthly *Market Beat* reports, quarterly economic analyses and quarterly *ATD Truck Beat*.
- Joint NADA/NAMAD recommendations are included in comprehensive report from CFPB taskforce on Federal Consumer Financial Law for protecting consumers.

2 FEBRUARY

- Amid devastating pandemic, NADA pivots to its first-ever virtual Show and 2020 NADA Chairman Rhett Ricart praises dealer resilience. Minnesota dealer Paul Walser becomes 2021 NADA chairman.
- Rick DeSilva Jr. of Liberty Subaru in Emerson, N.J., is named 2021 TIME Dealer of the Year.
- Minority dealers are featured at groundbreaking NADA Show Super Session on diversity in dealerships.
- NADA Show's virtual Zoom auction of a 2021 Kawasaki motorcycle raises \$40,000 for NADA Foundation and Canine Companions for Independence.
- During NADA Women Driving Auto Retail virtual happy hour, discussions focus on how to attract women to auto retail.
- NADA releases *A Dealer Guide to Buying and Selling a Dealership*.



At the helm:
Mike Stanton,
NADA president
and CEO



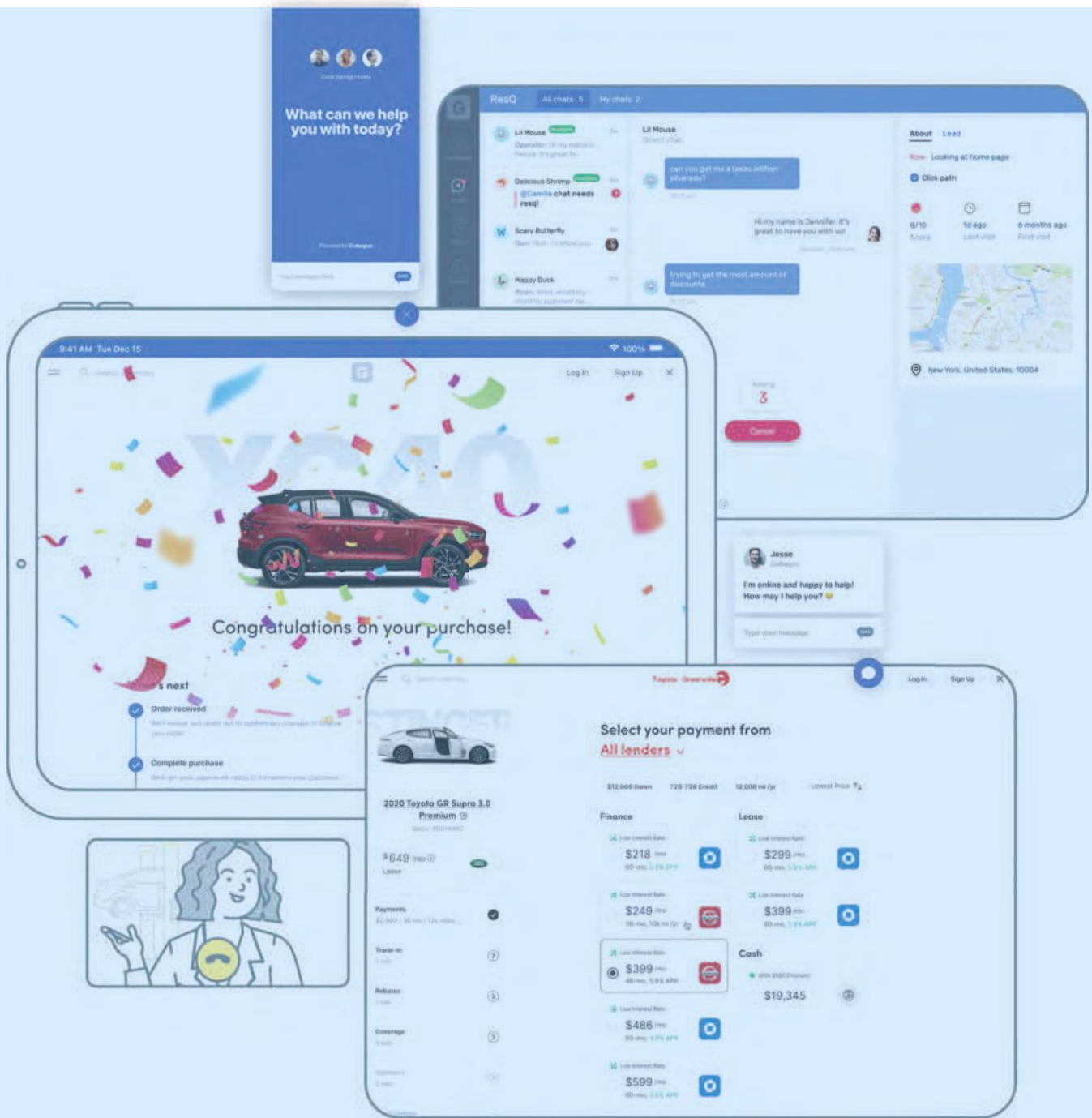
NADA

PAUL WALSER 2021 NADA CHAIRMAN



Addressing dealer concerns:
NADA Chairman Paul Walser (clockwise, from above) with Sen. Amy Klobuchar (D-Minn.), on a staff meeting at the dealership and during NADA Show 2021.

February



Conversations Matter

Connect with your shoppers, connect with your team, integrate your operations. You can transform the traditional car buying process, one conversation at a time.

Visit Gubagoo, booth #3933W, to see why **more than 7,000 dealers** trust Gubagoo.



Taking action: NADA petitions Treasury on LIFO relief for dealers affected by severe inventory and parts shortages caused by pandemic.

6 JUNE

- NADA releases *A Dealer Guide to Online Financing and eContracting*.
- ATD is forced to cancel inaugural ATD Truck Forum because of pandemic, but holds its annual Legislative Fly-in virtually to advocate for truck dealer priorities.
- With strong support from ATD, the first-ever stand-alone bipartisan Senate bill (S. 2435) to repeal the federal excise tax on heavy-duty trucks is introduced by Sens. Todd Young (R-Ind.) and Ben Cardin (D-Md.).

7 JULY

- At NADA's urging, Office of Management and Budget withdraws approval for problematic SBA Form 3509 PPP Loan Necessity Questionnaire for loans of \$2 million and above, which was unfair to several hundred dealers.
- NADA profiles a Navy veteran who became a service tech as part of its commitment to helping military vets find fulfilling, well-paying careers in auto retail.
- ATD Chairman Steve Bassett encourages truck dealers to urge members of Congress to sign letter from Rep. Chris Pappas (D-N.H.) to repeal and replace the federal excise tax on heavy-duty trucks. This results in letter from 30 House Democrats to House leadership.
- ATD launches annual Dealer Attitude Survey.

- In *Auto News* advertorial, NADA President and CEO Stanton promotes franchised dealers as best mechanism for selling EVs and explaining the new technology to consumers.
- NADA efforts to defend against independent shops' so-called "right to repair" initiatives are strengthened as FTC issues a *Policy Statement on Repair Restrictions Imposed by Manufacturers and Sellers* favorable to franchised dealers.
- NADA promotes auto shows as great place for consumers to learn about new-vehicle models and technologies.

8 AUGUST

- NADA meets with Treasury for third time to advance its petition for LIFO relief under Section 473 of the Internal Revenue Code for dealers who have experienced significant inventory declines caused by actions related to the pandemic.
- NADA alerts members to updated guidance from OSHA on COVID-19, such as urging employees to get vaccinated.
- Because of pandemic, NADA cancels annual NADA/J.D. Power Automotive Forum in New York City for second year in a row.
- ATD produces *Electrify! Solar/EV Charging Infrastructure* webinar on expanding members' EV infrastructure.
- NADA promotes OSHA "Safe + Sound Week" with five dealership safety tips.
- NADA praises members' generous giving to local schools, including gift of \$20,000 to Topeka Public Schools and donation of 300 school supply-filled backpacks to Shreveport, La., students.

June

July

August

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¹ NADA Retirement Program data as of December 31, 2021.

² 3(38) investment manager services provided by CAPTRUST, and 3(16) plan administrator service provided by NRS.

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NADARetirement

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- **NADA Foundation:** Assisting dealership employees after Hurricane Ida.



SEPTEMBER

- NADA offers updated guide for dealers trying to claim Employee Retention Tax Credits stemming from COVID-related business shutdowns or reductions in 2020 or 2021.
- NADA urges dealers to oppose major individual, business and estate tax hikes in proposed \$3.5 billion “Build Back Better” social spending bill.
- After Hurricane Ida, NADA Chairman Walser and NADA Foundation Chairwoman Annette Sykora send letters to members requesting contributions to the Emergency Relief Fund.
- NADA alerts members to the looming cessation of tax credits for employee paid leave from FFCRA (Families First Coronavirus Response Act).
- NADA continues to focus on consumer tax credits being fully refundable and transferable to help spur wide EV adoption among consumers.
- NADA conducts semiannual Dealer Attitude Survey and follow-up discussions with automakers.
- A study by three eminent industry experts, including a Federal Reserve Board principal economist, is released highlighting the overall positive experience of consumers who purchase optional GAP Waiver protection.

- **Washington, D.C.:** NADA advocates throughout year on Safeguards Rule, LIFO relief, tax negotiations and more.



OCTOBER

- NADA works with Coalition on Workplace Safety and SBA in effort to stop OSHA emergency temporary standard mandating workplace vaccination or weekly COVID-19 tests.
- FTC issues long-awaited final amendments to Safeguards Rule covering information security and accountability. As a result of NADA’s input, the final rule, while still quite burdensome, is much improved compared with the FTC’s original proposal.
- NADA presents *Do You Know What Your Cybersecurity Risk Is?* webinar.



NOVEMBER

- With dealers facing LIFO recapture due to historically low vehicle inventories and a semiconductor chip shortage caused by the pandemic, nearly 100 bipartisan House members and 20 Senate Democrats sign letters in support of NADA’s LIFO relief petition to Treasury.
- The \$1.75 trillion Build Back Better Act passes the House but, thanks to NADA’s advocacy efforts in the nearly yearlong negotiations, does not contain tax hikes originally included in the bill on pass-through businesses, corporations or changes to the estate tax.
- In *Auto News* advertorial, NADA President and CEO Stanton cites Escalent study showing only 20% of EV intenders favor Tesla’s direct-sales model while 57% prefer the franchised dealer approach.
- NADA Foundation’s Emergency Relief Fund distribution tops \$1 million to 1,100-plus dealership families after Hurricane Ida.

September

October

November



● **Infrastructure:** Thanks to NADA, the \$1.2 trillion bipartisan infrastructure bill excludes overbroad recall and “right to repair” legislation.

- ATD joins OEMs and allied industry in Partners for a Zero Emission Vehicle Future coalition.
- NADA informs members about pending OSHA emergency standard regarding large-employer COVID-19 “vaccination-or-test” mandate.
- President Biden signs \$1.2 trillion bipartisan infrastructure bill, which provides \$7.5 billion to create national network of public EV recharging stations but excludes NADA-opposed overbroad recall and “right to repair” legislation.
- As courts decide legality of OSHA’s employer vaccination mandates, NADA proactively offers webinar on *OSHA’s New COVID-19 Employer Vaccine-or-Test Mandate: A Summary for Franchised Dealerships*.
- NADA issues preliminary summary of FTC Safeguards Rule amendments.

12 DECEMBER

- NADA further updates members on possible OSHA vaccine mandate for companies with 100-plus employees.
- NADA meets with Treasury for fourth time on LIFO relief and provides 2021 data reflecting the unprecedented nature of new-vehicle inventory shortages.
- NADA hosts a Crowe webinar on potential ways to manage LIFO recapture.
- Despite microchip shortage, NADA notes total commercial truck sales for 2021 grew 12.7% from 2020, topping 461,000 units and on track to reach nearly 500,000 units in 2022.

- NADA expects light-vehicle sales for 2021 to total 14.9 million, up over 3% from 2020.
- NADA ends 2021 with nearly 16,300 members—20th consecutive year with some 90% membership penetration.

2022 JANUARY-FEBRUARY

- NADA issues analysis of 2021 auto sales.
- NADA and NAMAD jointly provide comprehensive comments on CFPB’s proposed rule to implement significant small-business credit application reporting requirements. The comments are supported by a major NADA-initiated cost study by the Center for Automotive Research.
- Georgia dealer Matthew Laughridge testifies on behalf of NADA before the House regarding EVs and rural America.
- NADA provides Treasury with a certification by the Alliance of Automotive Innovators stating that automakers cannot maintain inventory levels due to the trade disruption caused by the overseas microchip shortage, thereby addressing the major condition for LIFO relief identified by Treasury.
- OSHA announces end of enforcement of emergency vaccine-or-test mandate, though NADA notes possibility of new rule remains.
- NADA and ATD Shows return as in-person events in Las Vegas.
- NADA offers first-ever NADA Show Welcome Kickoff Reception at brand-new Allegiant Stadium—home of Las Vegas professional football—with performance by Grammy Award-winning band Train.



320

DAYS OF SUNSHINE
PER YEAR



150,000

APPROXIMATE NUMBER OF
HOTEL ROOMS



4.2 miles

LENGTH OF
LAS VEGAS STRIP

Ready, Set, Go!

NADA Show is back in person—
bigger and better than ever!

BY SHERYLL POE

After going virtual in 2021, NADA Show is back in Las Vegas. For most dealers, this will be the first time they have been able to gather together in quite some time.



Viva Las Vegas: The brand-new Allegiant Stadium (above) hosts the Welcome Kickoff Reception, offering plenty of excitement courtesy of the Vegas Golden Knights' Drumbots and a performance by the Grammy Award-winning band Train. The lively Las Vegas Strip (facing page, below) beckons dealers in between Show sessions.

Taking place Thursday, March 10, through Sunday, March 13, at the Las Vegas Convention Center (LVCC), this year's NADA Show will certainly be *the* place to reconnect and reunite at the automotive retail industry this year. But it will also sport a fresh, new format, featuring huge, state-of-the-art exhibition spaces and a Welcome Kickoff Reception that will be one for the ages.

"After more than a year apart, we are thrilled to reconnect with our auto industry colleagues face to face each day—igniting new business and driving future success for the entire industry, an effort that we will achieve by working together," says NADA 2021 Chairman Paul Walser.

This year's Show is focused on creating new opportunities for attendees to connect, learn and build their business while emphasizing guests' health and safety.

WELCOME KICKOFF RECEPTION

NADA Show's opening reception on Thursday night promises to be spectacular—giving attendees a unique opportunity to experience the brand-new sports and entertainment venue Allegiant Stadium. Completed in 2020, Allegiant is a 10-level, fully enclosed and climate-controlled domed stadium.

The Welcome Kickoff Reception will be a once-in-a-lifetime networking event featuring a rousing tailgate party atmosphere courtesy of Drumbots, the official drumline of the NHL Vegas Golden Knights.

While on the main field, check out the retro, 16-foot Airstream converted into a festive bar and a nostalgic DeLorean, to help celebrate getting "Back to the Future." Or cruise through the stadium's upper levels, where multiple



 **425** TREES PLANTED

 **95,000** SQ.FT. OF FIELD EVENT SPACE 

 **100** YARDS OF TURF

ALLEGiant STADIUM



lounges will offer games and entertainment along with gourmet food and top-shelf beverages.

Those with VIP access should head to the Raiders Locker Room and Champion's Club for special photo opportunities.

The evening will end with an exclusive live musical performance by the Grammy Award-winning band Train.

NEW SPACE: WEST HALL EXPANSION

This year's NADA Show is going to be bigger than ever, thanks to the recent expansion of the LVCC.

For the first time in its history, NADA Show will have booths and exhibits in both the North Hall and the newly renovated West Hall, an architectural marvel with 14 million square feet, a large open-air atrium and a gigantic 10,000-square-foot digital screen. The updated North Hall also features plenty of room for exhibitors and is home to the Main Stage, with

plenty of dynamic keynote speakers each day.

Both the West Hall and North Hall, offering more than 700,000 square feet of Expo space, sold out quickly.

"It's great to see the level of excitement and commitment our exhibit stakeholders have for NADA Show 2022," says NADA Show Chairman Scott Dube. "Our 500-plus exhibitors understand the importance of face-to-face engagement with our members and Show attendees."

The North and West halls are connected by the Las Vegas Convention Center Loop—an innovative underground transportation system that offers convenient access across the LVCC campus. Developed by Elon Musk's The Boring Company, this fleet of all-electric Tesla vehicles is designed to shuttle more than 4,400 riders per hour across the site through two, mile-long tunnels in under two minutes. (Walking the same distance typically takes up to 25 minutes.)

PLUGGING INTO EVS AT NADA SHOW

Despite all the buzz about electric vehicles, there are still plenty of questions when it comes to green dealerships, charging stations, and how best to sell and service EVs. Here's how NADA Show 2022 will be helping dealers "plug into what's possible" when it comes to EVs.

- **Dealer Learning Lab.** Located next to the NADA Pavilion in the West Hall, the all-new Dealer Learning Lab offers 20-minute TED-style talks on a range of topics, including *The Future Dealership Is Green* and *Dealership Electrification*.
- **Electric Avenue.** Showcased within the Main Stage area, Electric Avenue is an exhibit on the history of EVs, success stories of trend-setting dealers and a glimpse of the electric future.
- **EV Exchange sessions.** NADA Show attendees have spoken! This year's Exchange sessions will include a peer-to-peer discussion on *Preparing for the Future of Electric Vehicles*.
- **EV Solutions Center.** Visit the new EV Solutions Center in the North Hall for one-on-one discussions and Q&As with EV experts who can get into the details and offer strategies on how to successfully transition for the EV marketplace.
- **Super Session.** NADA Show's educational programming kicks off Thursday with the *Plugging into What's Possible: Inside the EV Opportunity for Dealers Super Session*. Moderated by Jason Stein, this panel of industry leaders,

EV experts and progressive dealers will discuss product, partnerships and possibilities at the retail level.

- **Workshops.** Among the more than 100 educational workshops at NADA Show are five EV-related sessions:
 - *Win in the EV Market*
 - *Marketing to an EV-Focused Future*
 - *Strategic Revenues with Solar and EV Charging*
 - *Introducing the Next Generation of EV Buyers*
 - *EV Charging Simplified: How to Compete with Tesla*



Speaking of electric, don't miss all the EV-focused learning opportunities at this year's Show, including EV-related workshops, an EV Solutions Center, the EV Super Session panel of industry experts, an "Electric Avenue" of success stories from trend-setting dealers, and so much more (see "Plugging into EVs at NADA Show" on facing page).

And back by popular demand is the NADA Live Stage, a major hub for attendees to gather and view dynamic panel discussions and interviews. Located in the high-traffic Main Lobby of the West Building, the Live Stage features engaging hosts interviewing dealers, OEM execs and other industry experts. Various topical segments this year focus on cybersecurity, diversity, EVs and training, with major presentations from Escalant, Google, IHS Markit, TVB and more. Content is also livestreamed and posted on NADA digital channels throughout the year.

HEALTH AND SAFETY AT THE SHOW

With attendees and exhibitors from around the world, health and safety are key to the Show. NADA is working with the LVCC to follow Nevada health guidelines and CDC recommendations to ensure best practices are implemented and followed.

Other health and safety requirements at the Show include use of face coverings or masks regardless of vaccination status, access to hand-sanitizing stations and enhanced surface-cleaning protocols. Attendees are encouraged to download the COVID Trace app developed by the Nevada Department of Health and Human Services before they arrive. The mobile app uses Exposure Notifications System technology from Google and Apple.

Finally, on-site COVID-19 testing services will be available to all attendees, exhibitors and staff. Access to on-site health services and medical aid also will be available. ❖

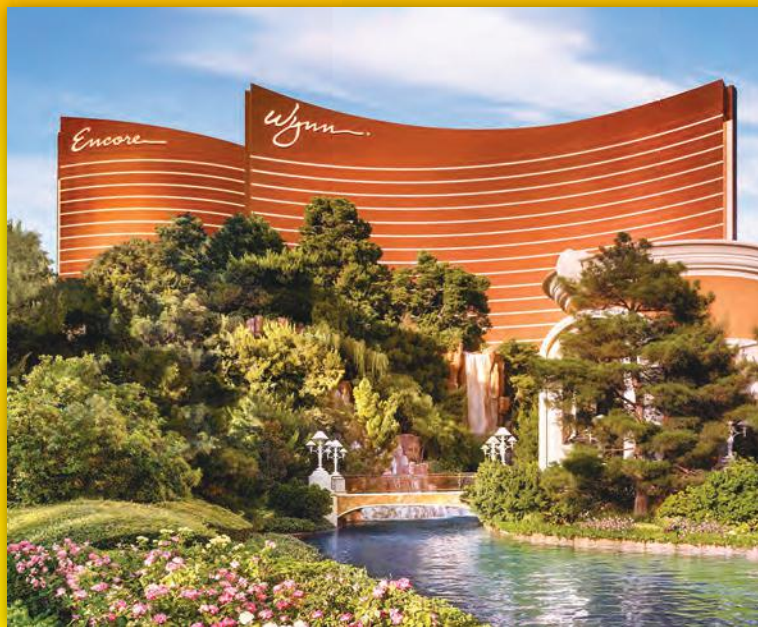
AN ALL-NEW ATD SHOW

ATD's signature Show has been reimagined and recreated, offering a new schedule and experiences tailored to the unique needs of America's truck dealers.

Taking a year off because of COVID-19, ATD leaders used that time to reformat and restructure the Show to create more opportunities for attendees to build their own experience. The new ATD Show will focus on three specific areas: industry, government and technology.

With nine workshops, four Super Sessions, each of the general sessions and various Connection Hub appointments—as well as the popular peer-to-peer learning sessions of the Exchange—this year's ATD Show is multifaceted, interactive and customizable.

Not only does ATD have a new format, but it also has a new home. The Encore Las Vegas will serve as headquarters for all ATD Show meetings and functions. To offer the best of both worlds, there will be convenient shuttle service between the Encore and the Las Vegas Convention Center. This will allow ATD Show attendees to easily take advantage of all NADA Show events and offerings, including the exciting Welcome Kickoff Reception at Allegiant Stadium. ❖



Encore! Encore! ATD's new Show site sets the stage for a bravura performance.

2022 **ATD SHOW**
LAS VEGAS • MARCH 10-13



Winning ways. Five years of TIME Dealer of the Year winners: (from left) Rick DeSilva Jr. (2021), Susan Moffitt (2020), John Alfievich (2019), Jack Salzman (2018) and Carl Swope (2017).

NOMINEES FOR THE 2022 TIME DEALER OF THE YEAR AWARD

Gary Ackerman

Gaudin Ford
Las Vegas, Nev.

John Billard

Hempstead Ford Lincoln
Hempstead, N.Y.

Cary Bosak

Bosak Motors Chrysler Dodge Jeep Ram
Merrillville, Ind.

Virginia Bowden

McClinton Chevrolet
Parkersburg, W.Va.

Steve Brown

Brown Motors
Petoskey, Mich.

Gregg R. Ciocca

Ciocca Ford of Quakertown
Allentown, Pa.

Jason Courter

Honda Auto Center of Bellevue
Bellevue, Wash.

Wyndi Damato

Fitzgerald Ford
Fitzgerald, Ga.

Erik Day

Warren Henry Auto Group
Davie, Fla.

Winfred Dodge

Bill Dodge Auto Group
Westbrook, Maine

Wayne Evans

Prairie Motors
Stanley, N.D.

Ray Fregia Jr.

Courtesy Ford Lincoln
Danville, Ill.

Robert "Bob" Giles

Giles Automotive
Lafayette, La.

Terry Gilmore

Paradise Chevrolet Cadillac
Temecula, Calif.

James Gramm

Safford CJDR Springfield
Springfield, Va.

Bill Griffis

Griffis Motors
Philadelphia, Miss.

Kelly Hirning

Hirning Buick GMC
Pocatello, Idaho

Jason Hoover

Midway Motors
McPherson, Kan.

Jack Kain Sr.

Jack Kain Ford
Versailles, Ky.

Gregg Kunes

Kunes Country Ford Lincoln
Delavan, Wis.

Steven Lillestol

Thief River Ford Inc.
Thief River Falls, Minn.

Christopher Lindsay

Lindsay Chevrolet
Woodbridge, Va.

Daniel Luneau

Handy Automotive/Handy Toyota
St. Albans, Vt.

Doug McElveen

McElveen Buick GMC
Summerville, S.C.

Pat McGrath

Pat McGrath Chevyland
Cedar Rapids, Iowa

David McNeill

McNeill Chevrolet Buick Nissan
of Wilkesboro
Wilkesboro, N.C.

J. Douglas North

North Brothers Ford Inc.
Westland, Mich.

Todd C. Ouellette Sr.

Long-Lewis Ford of the Shoals
Muscle Shoals, Ala.

Curtis Pascarella

Phillips Chevrolet
Frankfort, Ill.

Tony Pierce

Snowy Mountain Motors
Lewistown, Mont.

John Platek

Betley Chevrolet Inc.
Derry, N.H.

Daniel Reineke

Reineke's Tiffin Ford Lincoln Inc.
Tiffin, Ohio



TIME

Dealer OF THE Year

ANNUAL AWARD OF EXCELLENCE.

BY PETER CRAIG

The highly anticipated, always-exciting TIME Dealer of the Year Award presentation is live and on-site in Las Vegas this year. The 53rd annual award is being sponsored by Ally, which over the past 10 years has contributed nearly \$875,000 toward the program.

Here's how it works: A panel at the University of Michigan's Tauber Institute of Global Operations picks four finalists from among a large number of extremely talented nominees—47 this time—then narrows down the choices to a single top honoree. In doing so, the panel considers such factors as new- and used-vehicle sales performance, service performance, market share, customer satisfaction, staff training, ethics, physical plant and facilities, and participation in dealer associations. Another measure is service to community, which this year has included everything from supporting Toys for Tots to serving on hospital boards.

Every year, the TIME Award winner represents all the great automotive dealers who faithfully serve their customers and local community in both good times and bad. Says last year's honoree, Rick DeSilva Jr., "Our business is built on trust, and we go out of our way to discredit the 'typical car dealer' stereotype. That's not easy, but the extra effort we put into building the right relationship with our customers always pays off." ❖

Bob Rogers

Bob Rogers Chevrolet
Paris, Ark.

Michael Schulte

Schulte Subaru
Sioux Falls, S.D.

Dennis Schworer

Honda Cars of Bellevue
Bellevue, Neb.

Robert Serpentine Jr.

Serpentine Chevrolet
of Strongsville
Strongsville, Ohio

Joseph Shaker

Wellesley Mazda
Wellesley, Mass.

Robert Sickel

Pine Belt Chevrolet
Lakewood, N.J.

Bob Siracusano

Sawyer Motors
Saugerties, N.Y.

Brad Sowers

Jim Butler Chevrolet
Fenton, Mo.

Michael Stoebner

Honda Windward
Kaneohe, Hawaii

Annette Sykora

Smith South Plains
Ford Lincoln
Levelland, Texas

Joseph Thurby Jr.

Thurby's Riverside Ford
Markleysburg, Pa.

Tim Urness

C.H. Urness Motors
The Dalles, Ore.

S. Mitchell Walters

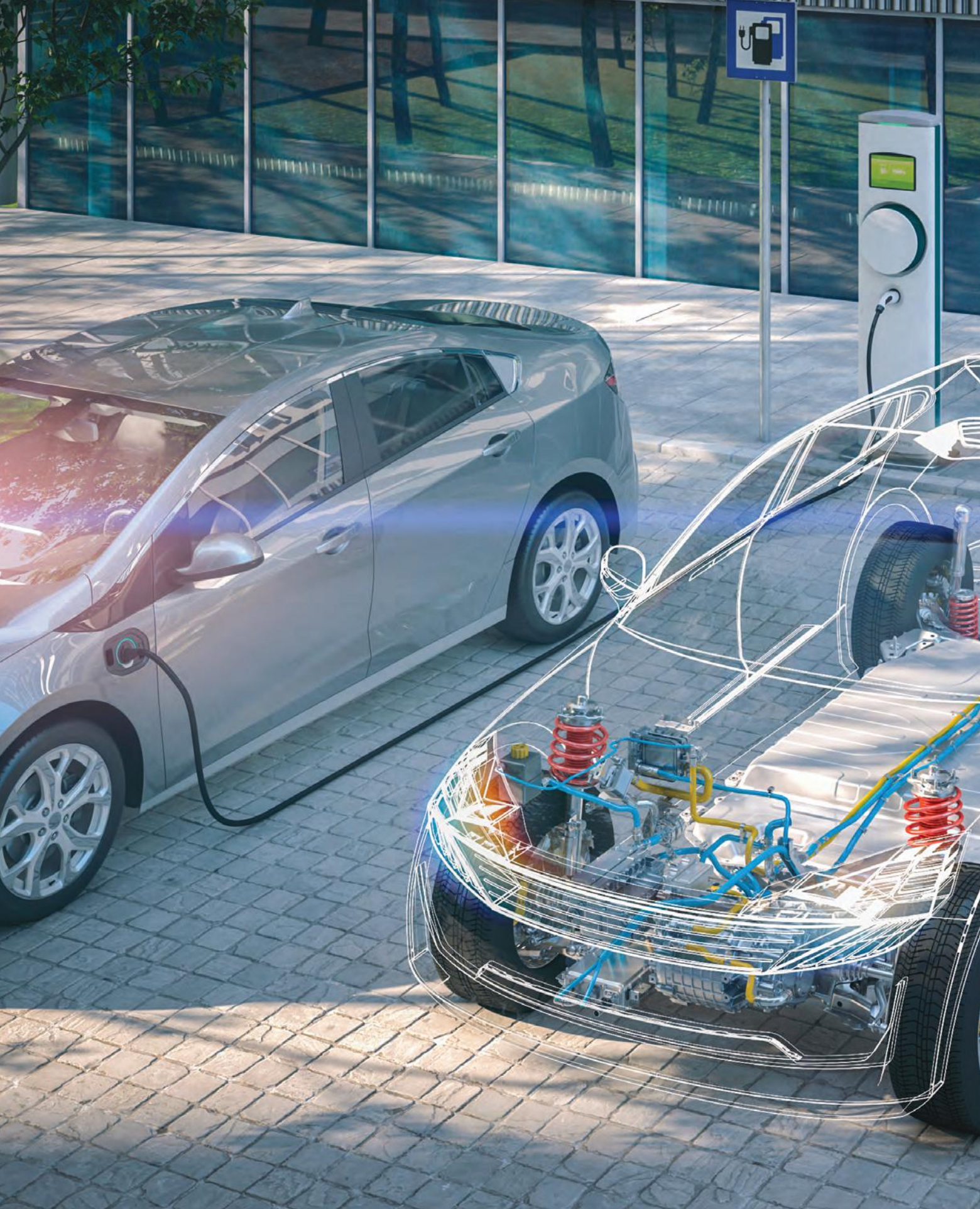
Friendship Ford
Bristol, Tenn.

Chris H. Wilson

Wilson Motor Co.
Logan, Utah

Phil Winslow

Winslow BMW
of Colorado Springs
Colorado Springs, Colo.



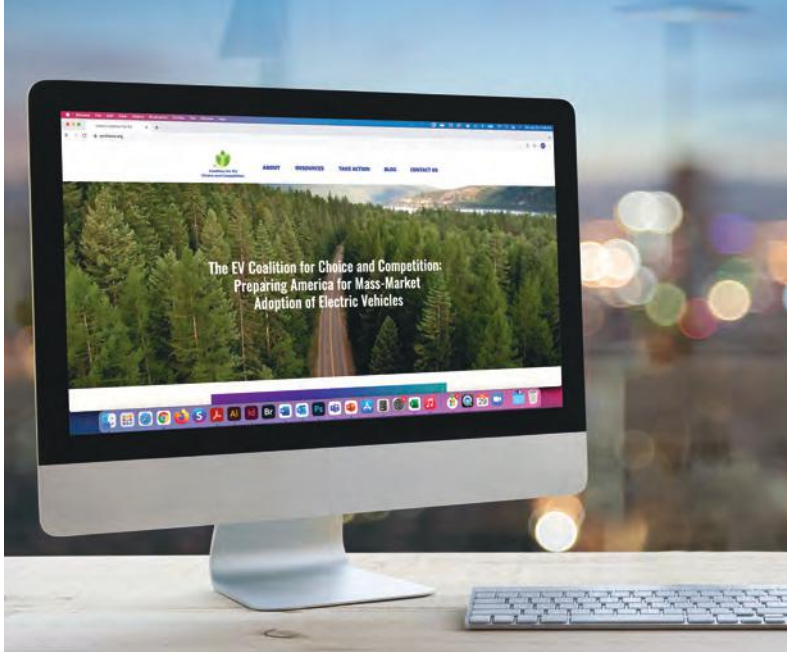
A white electric vehicle charging station stands on a cobblestone street. To its left is a sign on a metal pole featuring a charging station icon. In the foreground, the wireframe chassis of a car is visible, showing the battery pack and drivetrain components. The background shows a building with large glass windows reflecting the street scene.

Leading the Charge

Dealers are investing in EV infrastructure, equipment, training and tools.

BY SHERYLL POE

Amarillo, Texas, is known for its large cattle ranches, Friday-night football, and robust oil and gas industry. So getting new-car shoppers excited about switching to electric vehicles in this region would seem like paddling the wrong way up the nearby Canadian River.



The Coalition for EV Choice and Competition website, which highlights dealer efforts in bolstering mass EV adoption.

“People get a kick out of watching us because being in the Panhandle of Texas, where I’m surrounded by cattle and oil, people look at us and say, ‘OK, that boy has got no chance of selling EVs,’” says John Luciano, owning partner/president of Street Volkswagen of Amarillo.

But customers all over the country are committed to making the switch to electric, and dealers like Luciano are here to help them do it. “We have really had much better response than we ever expected,” he says. “Because you still have those same people that care very much about the environment, they care about what we’re going to do [about it], and they care about zero emissions.”

Luciano is going all-in on EVs and making significant investments, including interactive screens in his dealership to show customers where charging stations are located and keeping home charging stations in supply, with an electrician on standby to install them.

“When we deliver your new vehicle, part of our package is we include the home charger,” says Luciano. “We just include it in the deal. I have an electrician on a flat fee. I have the boxes in my office. So we go to your house, find a place in your garage or your driveway or wherever you want to put it, we get it put in, and on we go.”

These investments, Luciano says, help his customers figure out if EVs are going to work for them and their lifestyle. “They want to know: ‘Can I make it work? Does it fit me?’ That’s the education they want to [have].”

DEALERSHIPS ESSENTIAL TO EV SUCCESS

Future EV buyers expect to get that education at their local dealership, according to research by Escalent, a top human behavior and analytics advisory firm with deep ties to the U.S. auto industry. Escalent’s landmark research study, *EVForward*, found that 57% of future EV buyers prefer the traditional

approach to car buying, while just 20% favor a direct-sales approach.

In addition, most of those surveyed said they prefer that many of the phases of the car-buying process, including test driving, completing the transaction and getting the vehicle serviced, take place in person rather than virtually.

“The traditional dealership model has been around for a long time,” says Mike Dovorany, Escalent’s vice president of automotive and mobility and project lead for *EVForward*. “It’s revolved and refined over time and we shouldn’t be surprised it works well. For most people, it’s their preferred way to buy a vehicle.”

Escalent also surveyed dealers and found them to be excited about selling and servicing EVs, Dovorany adds. “The response from dealers generally was, ‘Anything that brings excitement to my customers is something I’m behind.’”

Now the issue is getting the word out to potential consumers about EVs and how dealerships are there to help. “How do we tell the world?” Dovorany asks. “How do we let them know so they can be educated?”

That’s where the Coalition for EV Choice and Competition (EVCC) comes in. EVCC is a dealer-driven coalition highlighting the efforts and investments America’s 16,000 local dealerships are making to meet the challenge of mass EV adoption. Local dealerships are investing at every level, from installing recharging infrastructure to hiring sales specialists to help customers find an EV that best fits their needs.

NADA EFFORTS FOCUS ON DEALERS, OEMS

NADA, of course, strongly supports the coalition. NADA is working with OEMs to build cooperation and partnerships with dealers that will allow manufacturers to focus on introducing and building new EV products so America’s dealer body can focus on getting those vehicles sold.

“Dealers are embracing the electrification of the fleet, as the market is ready,” says NADA 2022 Chairman Michael Alford. “There’s no doubt it’s coming. They’re incredible products, and we need to be there to sell and service them.”

Part of that effort can be seen at this year’s NADA Show, where EV technologies are taking center stage (see “Plugging into EVs at NADA Show,” page 18). In addition, NADA has chosen software start-up Chargeway as an affinity provider. Chargeway’s Web Beacon app helps potential EV customers see where charging stations are located, with a personalized charging map for any EV they choose.

As the vehicle fleet becomes increasingly electric, says Alford, “dealer bodies will be essential to that adoption effort. And we have to work through how we do this to ensure that not only do we survive, but thrive.” ❖

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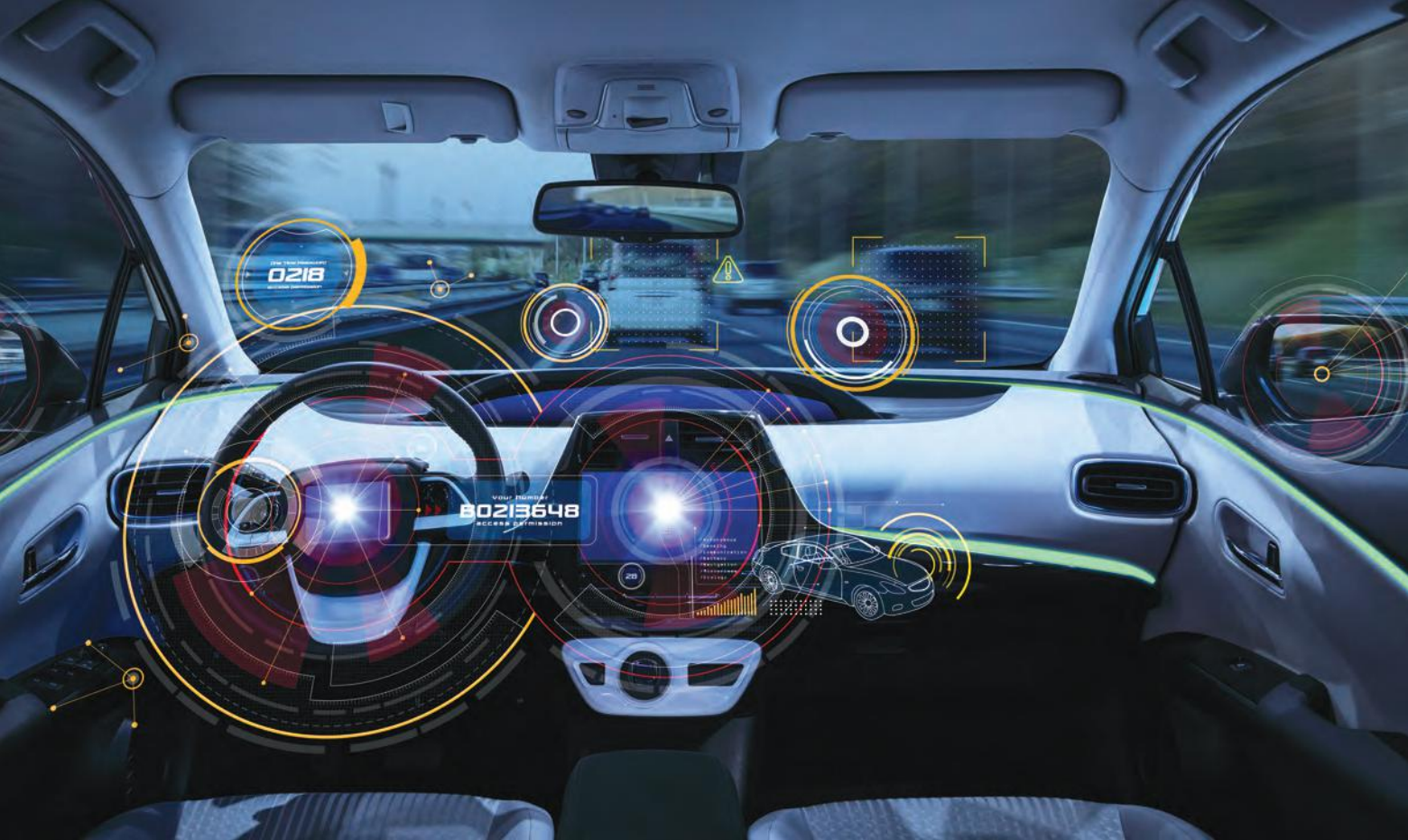
A hand is shown on a steering wheel, with a futuristic, glowing blue overlay of hexagonal icons representing various technologies like a house, a person, Wi-Fi, a car, and gears. The background is a blurred view of a car's interior and exterior.

AVs, EVs and Infrastructure

What dealers can expect in transportation policy over the next five years.

BY LOREN SMITH

Technology and policy shifts will have big impacts on driving over the course of the 2020s. During this time, automated systems will achieve their biggest impact by helping to make humans better drivers rather than by taking over the driving task themselves. Electric vehicles are also coming—a major transition for the fleet.



Tech-savvy vehicles: Advanced driver assist systems cover a vast array of devices and monitors, with varying levels of public acceptance.

In addition, the way we pay for infrastructure could be changing, as policymakers look at congestion pricing and other possible replacements for the gas tax. And although the big bipartisan infrastructure bill was signed into law back in November, it may take a few years to see the fruits of individual projects.

AUTOMATION: EVOLUTION, NOT REVOLUTION

When most people think about automated vehicles (AVs), they tend to picture a future where cars simply drive themselves, with the humans on board sitting there like passengers in a taxi. That future may eventually happen, but most of us probably won't see it before 2030.

More relevant right now are advanced driver assist systems (ADAS)—a broad category that captures several different kinds of systems. Currently being developed and deployed by automakers, they include features like lane-keeper assist, automatic emergency braking and advanced cruise control.

Policymaker response to these systems varies as much as the systems themselves. Lane-keeper assist has been widely embraced and likely has already saved lives by preventing crashes. Automatic emergency braking (AEB) is the top

regulatory priority for automation at the National Highway Traffic Safety Administration (NHTSA). NHTSA is currently developing a regulatory mandate to require AEB in all new cars, though it may take several years for a new rule to be finalized.

The type of ADAS under the most scrutiny is advanced cruise control. Such systems, including Tesla's Autopilot program, cover a wide range of capabilities. Most are relatively modest and simply maintain speed, as with traditional cruise control, but are also able to automatically reduce speed when the vehicle is behind a slower-moving vehicle traveling in the same lane. Other versions are closer to what self-driving vehicles may eventually become.

In a shift from both the Obama and Trump administrations, the Biden administration is more closely scrutinizing the performance of these vehicles. In June 2021, NHTSA issued a Standing General Order requiring companies to submit a wide range of data on vehicles operating in any sort of autonomous mode. Safety advocates, as well as advocates concerned about potential job losses from automated vehicles, have applauded the order, hoping it will cause companies to proceed carefully when deploying or even testing these new technologies.

Surveys suggest a degree of skepticism as well among the general public about self-driving cars,





EV ready: Dealerships have been making major investments in EV-related equipment and training to help customers stay abreast of the EV surge.



and there have been several fatal crashes involving these vehicles. There are also concerns about the marketing of some of the systems—particularly relevant to dealers—that may promise more “self-drive” than the systems are prepared to deliver at present. While ADAS do indeed

hold the potential to save lives, this is likely to be an uncertain decade as these technologies are adopted.

EVS: PREPARE FOR A MAJOR TRANSITION

It seems more or less locked in that the U.S. fleet will be moving from gasoline toward electric in the coming decade. Policy support from the federal government and automaker declarations all point in this direction.

But what is the timeline and what does adoption look like? Several important challenges lie ahead for policymakers and companies:

- **Charging infrastructure.** EV charging infrastructure is being built out fast, with additional support from tax incentives and government grants. The perception of too few charging stations and where to find them persists, but this should fade

in time—especially as charging stations, particularly with fast chargers, become more common.

- **Grid power.** If the entire U.S. fleet switches over from gas to electric, the grid will need to produce substantially more power. A Department of Energy study suggests that by 2050, demand on the grid will surge by 38%, much of it driven by EVs. While this is a challenge, there is no reason to believe the grid will not evolve to meet demand—as it has done so many times in the past, for example, with the dramatic increase of energy usage because of air conditioning in the 1950s. As long as the transition to EVs does not happen overnight, this will likely be overcome.
- **Retooling and retraining.** Dealerships everywhere are making significant investments in equipment and human capital. Automakers are moving quickly to pledge commitments to EV production, but the changeover will impose some costs.
- **Consumer preference.** Consumers are beginning to embrace EVs in larger numbers, so companies all along the supply chain need to be ready to adapt as automakers change over their product offerings and consumer uptake accelerates. All of these challenges can, and almost certainly will, be surmounted as the fleet evolves—though speed of progress will vary.

INFRASTRUCTURE: HOW WE PAY FOR ROADS

President Biden signed the new infrastructure bill into law back in November. Unfortunately for motorists, the infrastructure projects themselves will take some time, but we could see some major changes in how we pay for roads as a result of the bill.

Expect congestion pricing to be gradually adopted in key corridors. New York, for example, is currently developing an important test case. The U.S. Department of Transportation will also be running a voluntary pilot program on a vehicle-miles-traveled (VMT) tax, since the government will need an alternative to the gas tax as EVs begin to replace gas-powered cars. Expect this to be a major topic of debate by 2025 or so.

A VMT tax is controversial, as it may threaten consumer privacy, and amounts to double taxation alongside the gas tax.

Meanwhile, money has to be issued from federal agencies to state and local officials for infrastructure projects, competition for funding has to play out, and the permitting process itself is a complicated beast. So don't expect major progress on projects for the next year or two.

Ultimately, new techniques and new technologies, along with the incremental increase in funding, should produce better roads and improve the driving experience. The Federal Highway Administration (FHWA) continues to develop the Proven Safety Countermeasures Initiative, which stresses better turn lanes,



rumble strips and other best practices for road management. The FHWA is also updating its *Manual on Uniform Traffic Control Devices*, likely adding technology elements to road construction guidelines.

Permitting reform to enable faster project approvals should also be a priority. The new infrastructure bill for the first time puts into law the One Federal Decision concept, which will attempt to streamline the way multiple agencies obtain jurisdiction to review the environmental impact of projects. Yet this is an incremental step, since the U.S. is the hardest country in the world to build infrastructure in, for various reasons, and it is likely to remain frustrating.

Climate policy is also likely to evolve toward greater resilience against extreme weather conditions in infrastructure projects. While this will be less visible to dealers, it should reduce the risk of bridges and other infrastructure getting forced out of service or worse, such as the Pittsburgh bridge collapse earlier this year.

The 2020s are presenting U.S. transportation policy with a variety of changes and challenges. But with planning and foresight, policymakers from all political stripes can rise to the occasion. ❖

Loren Smith is president of Skyline Policy Risk Group and former deputy assistant secretary for policy at the Department of Transportation.



Roads to the future: New funding, technologies and priorities provide challenges and opportunities for transportation infrastructure.



Future Focused

NADA 2022 Chairman Mike Alford promotes staff diversity and selling electric vehicles.

BY SHERYLL POE

Michael Alford's goal as an auto dealer has been to "grow a great company with big people and 'wow' results." Growing big people, Alford says, comes from a quote he once heard on a vestry retreat: "Leaders develop big people. Big people handle big issues effectively."

Now, as he prepares to take the helm of NADA as its 2022 chairman, Alford says he hopes to help his association move toward a more diverse and inclusive future with a focus on mentoring and building the next generation of auto dealers. "We want to meet people where they are and help them meet their full potential," he says.

BUILDING A BUSINESS

A native of Lynchburg, Va., Alford attended the University of North Carolina-Chapel Hill on a merit-based scholarship. He graduated with a bachelor of

arts in political science in 1986 and started his career in banking—specifically, real estate finance.

While at UNC, Alford met his future wife, Alicia. Her father, Carl Ragsdale, owned Marine Chevrolet in Jacksonville, N.C., and recruited his son-in-law to join the family business in 1992. "The beauty of finance and accounting is it certainly gives you some good knowledge, especially of a capital-intensive business like automotive," says Alford. "But it didn't teach me anything about leading."

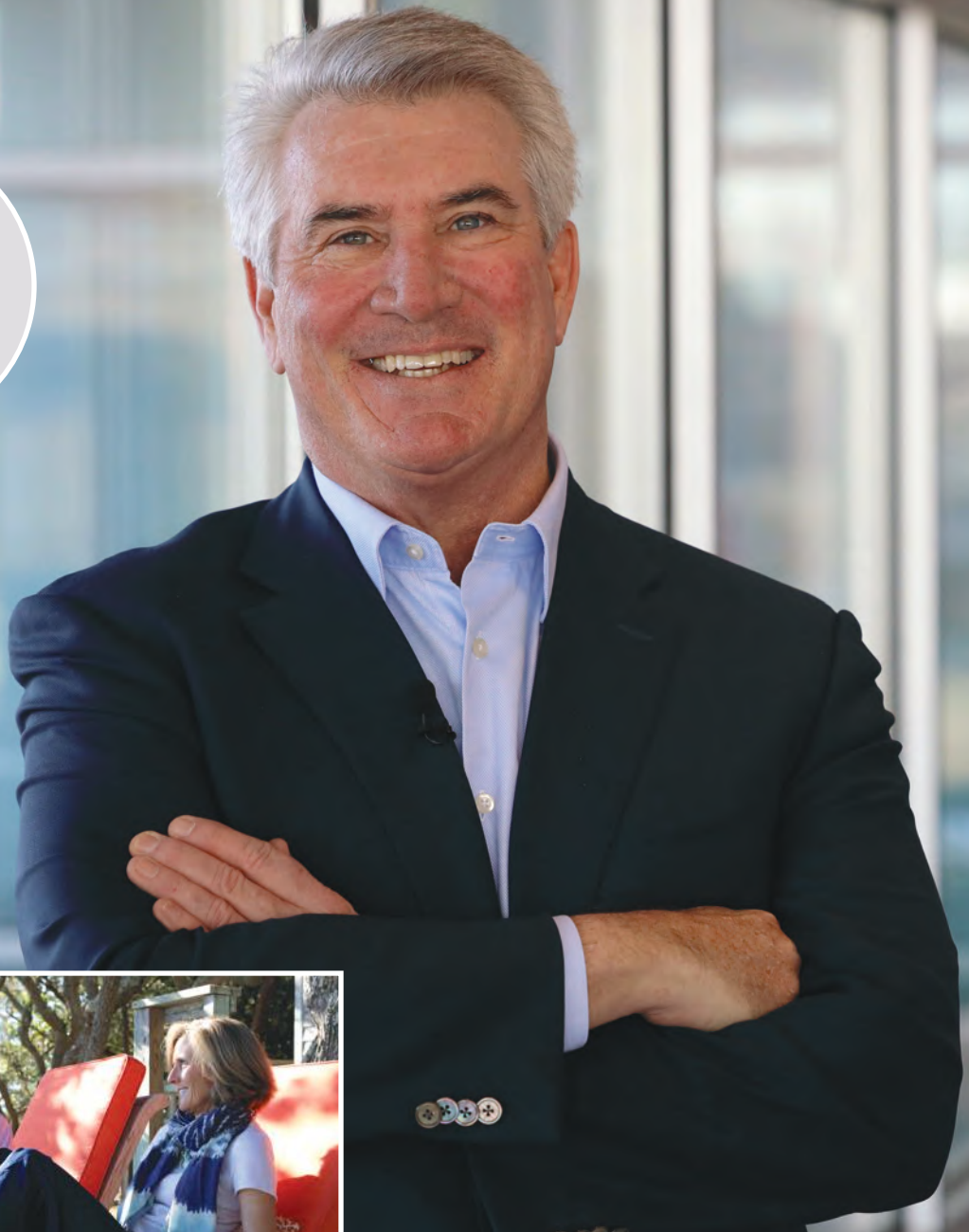
Alford soon found professional resources and his own mentors—not only his father-in-law but also through NADA. "When my father-in-law was recruiting me into the business, he took me to a 20 Group meeting. Some of the very first people I met there are still great mentors to me today."

2013

YEAR ALFORD
WAS NAMED
TIME DEALER OF
THE YEAR

30

NUMBER OF YEARS
ALFORD HAS BEEN
IN THE AUTO RETAIL
BUSINESS



Mike Alford at Marine Chevrolet (above), which he has owned since 1997, and with his wife, Alicia (left).

SUPPORTING EMPLOYEES

After graduating from NADA Academy in 1993 and purchasing Marine Chevrolet in 1997, Alford was already looking for a way to give back to the industry. He became involved with the North Carolina Auto Dealers Association, was appointed to the North Carolina Board of Transportation and became chair of the NC Military Growth Task

Force. He was also named the TIME Dealer of the Year in 2013.

While serving on NADA's Industry Affairs, Legislative Affairs, Public Affairs and Regulatory Affairs committees, Alford continued to advocate on behalf of the active-duty military personnel who make up a large part of his community, which is near Camp Lejeune Marine Corps Base. "My journey has been very involved on the regulatory side," he says.

"Legislatively, we worked very closely with Sen. Thom Tillis [R-N.C.] and former Vice President Mike Pence's office on the Military Lending Act, specifically making the GAP Waiver available to service members."

Supporting the military continues to be a major focus of Alford's time and efforts. "We've been blessed to recruit and train former servicemen and -women as employees," Alford says, while noting that some



Alford in front of his Chevrolet store; longtime chief financial officer Crystal Massie (top left); and Manny Kahsai, general manager of Alford's recent acquisition, Trent Cadillac Buick GMC (bottom left).

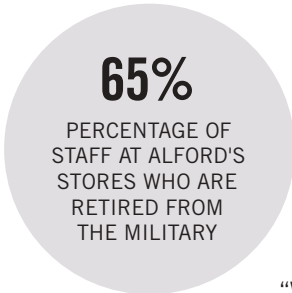
65% of his employee base are retired servicemen and -women. That includes Alford's chief financial officer, Crystal Massie, a military spouse who started with Marine Chevrolet 17 years ago. Her husband, Jerry, became the store's parts manager when he retired from the Marine Corps.

GUIDING NADA

For 2022, Alford says he will take lessons from the COVID-19 pandemic to guide the association and industry forward. "I've always been proud of NADA. But seeing how we ascended during the pandemic by making sure dealerships were deemed essential businesses and that dealers were informed of, and had access to, PPP funds was incredible."

Alford also wants to build on the strong relationship that developed between OEMs and the dealer body during the pandemic regarding the move toward an electric vehicle fleet. "There's never been a time when the dealer body has been more symbiotic with our OEMs than on EVs. We are collectively working together toward an electric future. We are all-in and essential," he says.

Finally, Alford is focused on creating the next generation of auto dealers—one that is more reflective of the communities dealers serve. "We've had quite a few people we mentor here,



including two Academy graduates," he says about his Jacksonville location.

Alford also recently acquired another dealership, Trent Cadillac Buick GMC, in New Bern, N.C.

"We have some folks there who could be dealer candidates," he says. "We want to help them find stores of their own in the not-too-distant future."

One employee in particular has stood out—Manny Kahsai, an Ethiopian immigrant who has worked for the dealership for nearly a decade. "He's an extraordinarily capable young man," says Alford. "Customers love him, and I want to do everything I can to support him." ❖



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- Iowa
- Kansas
- Michigan
- Metro Detroit
- Minnesota
- Missouri
- Nebraska
- North Dakota
- Ohio
- Metro Cleveland
- South Dakota
- Wisconsin

15

REGION IV

- Alaska
- Arizona
- California (Northern)
- California (Southern)
- Colorado
- Hawaii
- Idaho
- Montana
- Nevada
- New Mexico
- Oregon
- Utah
- Washington
- Wyoming

14

6

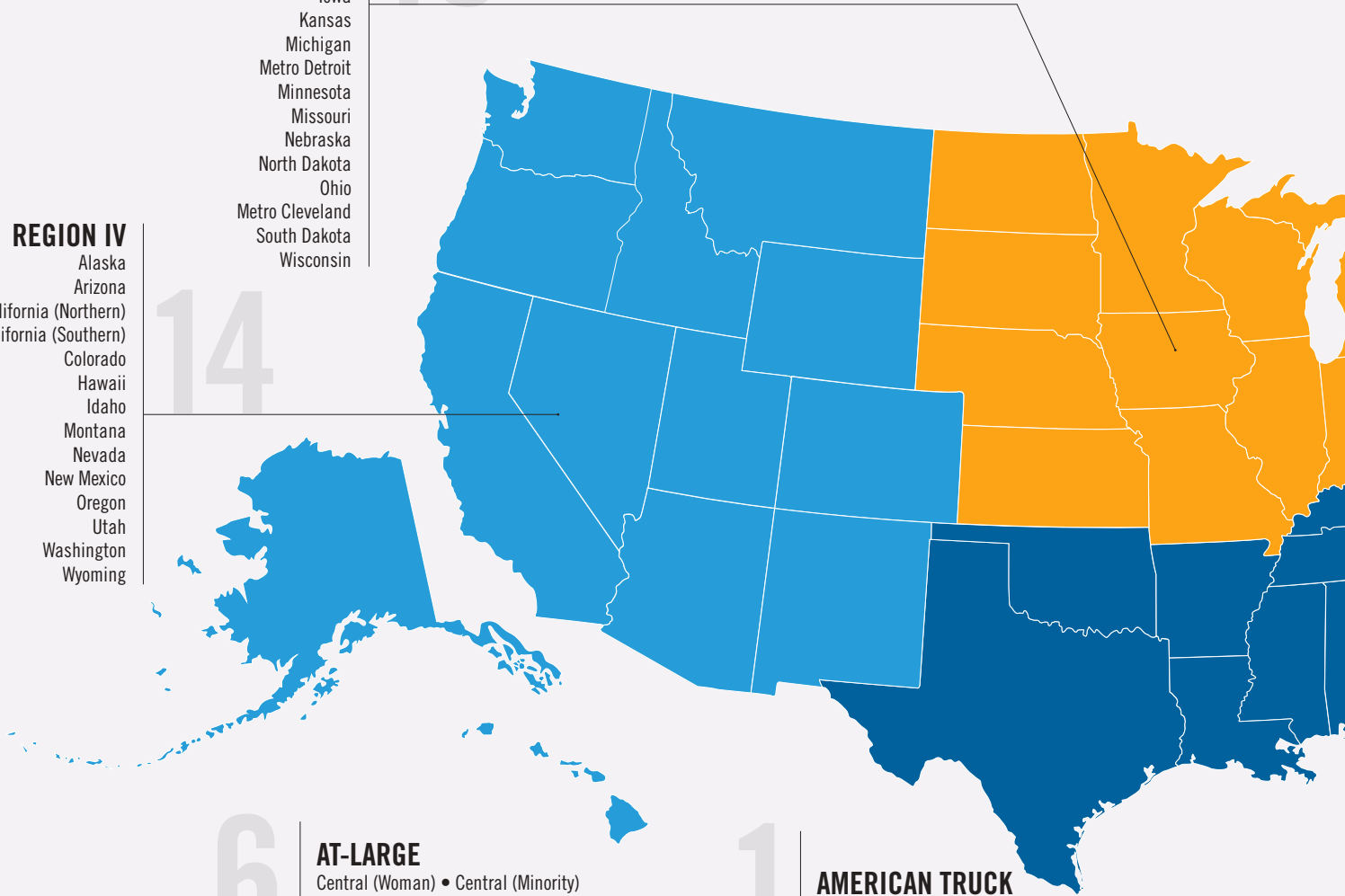
AT-LARGE

- Central (Woman) • Central (Minority)
- East (Woman) • East (Minority)
- West (Woman) • West (Minority)

1

AMERICAN TRUCK DEALERS

Chairman



OFFICERS



Michael K. Alford
Chairman



Geoffrey Pohanka
Vice Chairman



Kirt Frye
Treasurer



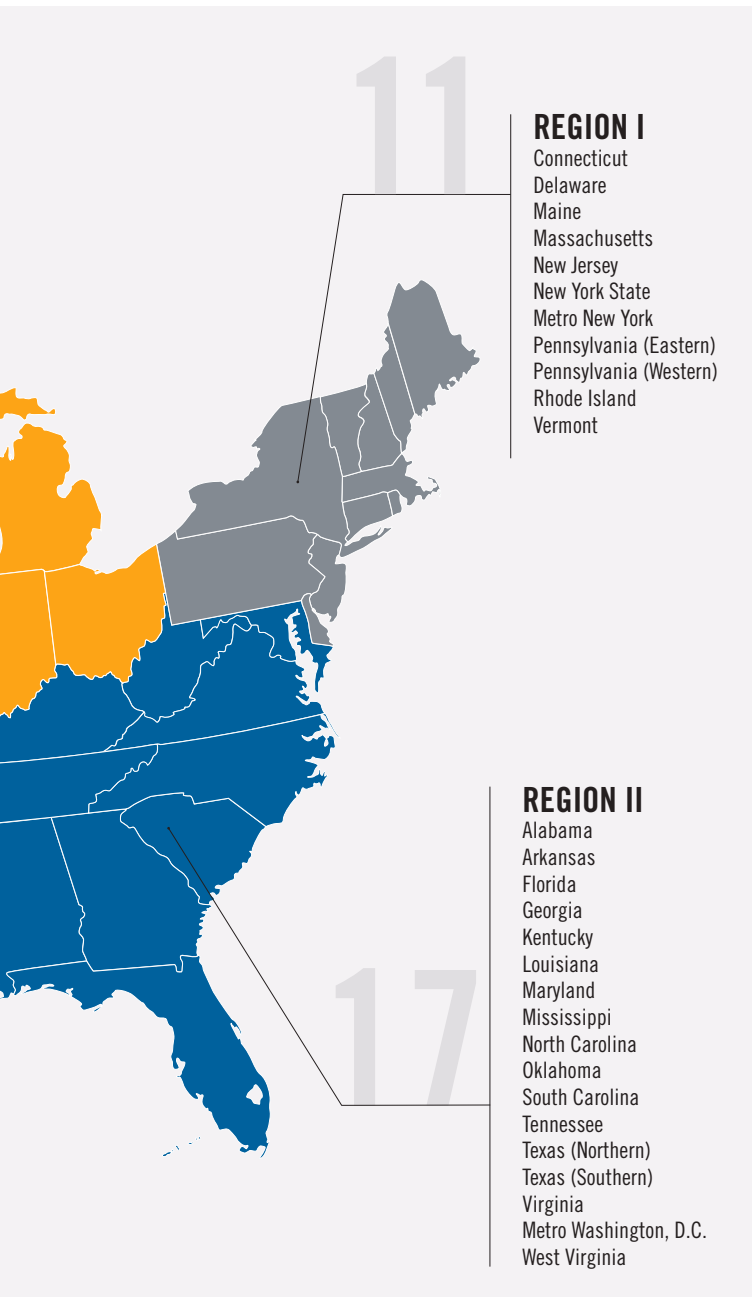
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Secretary



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- Delaware
- Maine
- Massachusetts
- New Jersey
- New York State
- Metro New York
- Pennsylvania (Eastern)
- Pennsylvania (Western)
- Rhode Island
- Vermont

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- Alabama
- Arkansas
- Florida
- Georgia
- Kentucky
- Louisiana
- Maryland
- Mississippi
- North Carolina
- Oklahoma
- South Carolina
- Tennessee
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- Texas (Southern)
- Virginia
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AT-LARGE



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(At-Large Central)



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Hilary Haron
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Michelle Primm
Cascade Auto Group
Cuyahoga Falls, Ohio
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Dadeland Dodge Chrysler
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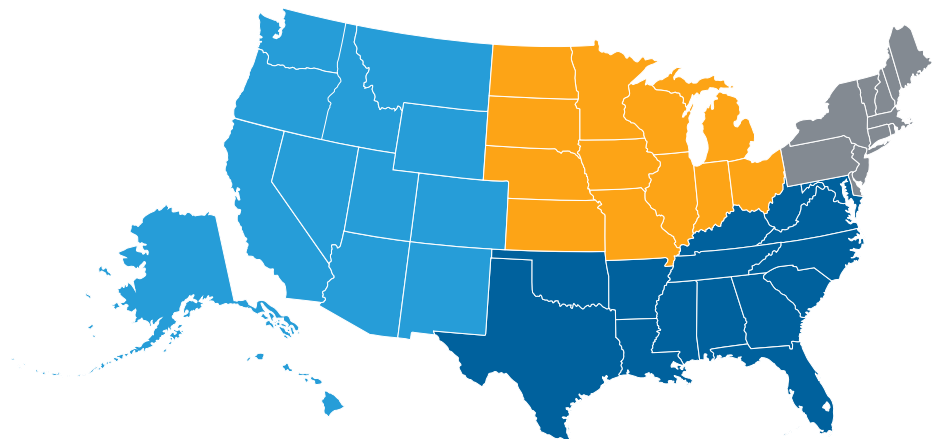


Desmond A. Roberts
Advantage Dealer Group
Hodgkins, Ill.
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AMERICAN TRUCK DEALERS



**ATD Chairman
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NADA Data 2021

mid-year update

A mid-year report on vehicle sales.

BY JOE PHILLIPS

NADA's regular, comprehensive financial profiles of new-car dealerships—*NADA Data: Full-Year Report* and *NADA Data: Mid-Year Report*—are two of the association's most popular publications. Despite disruptions from COVID-19, vehicle sales and service have been keeping dealers and their employees busy, and bolstering local economies. Here are some highlights, with all *NADA Data* numbers from mid-year 2021 unless otherwise noted. (For a complete copy of the latest *NADA Data*, visit nada.org/nadadata.)

Total New-Car
Dealerships

16,658

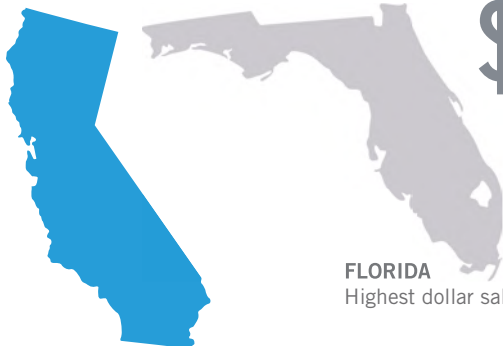


TOTAL DEALERSHIP SALES

\$600,435,562,324

...per dealership

\$36,044,877



CALIFORNIA

Highest dollar sales for all dealerships \$68,099,551,668

FLORIDA

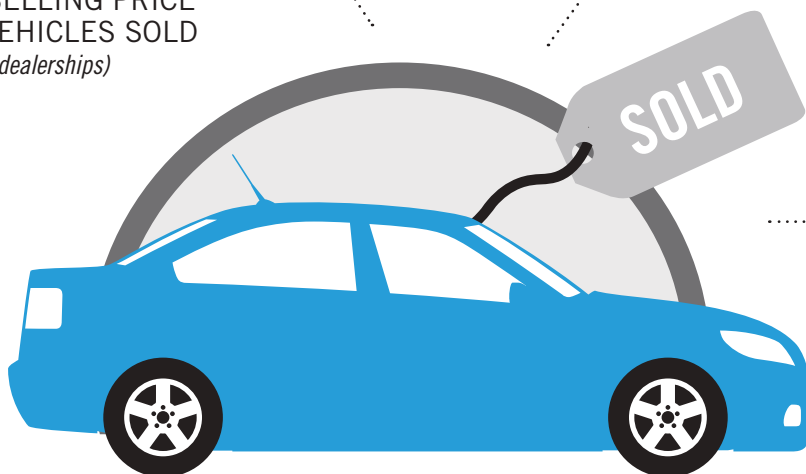
Highest dollar sales per dealership \$58,962,547

\$24,542

AVERAGE SELLING PRICE OF USED VEHICLES SOLD
(by new-vehicle dealerships)

\$40,232

AVERAGE SELLING PRICE OF NEW VEHICLES SOLD



455

AVERAGE NEW VEHICLES SOLD PER DEALERSHIP



domestic
1,038,353

+ import
358,560

NEW-CAR INVENTORY

1,396,913



NEW-VEHICLE DAYS' SUPPLY

28

domestic

27

import

March

Month with most new-vehicle sales

1,597,152 units

Change in number of new vehicles sold

34.5%

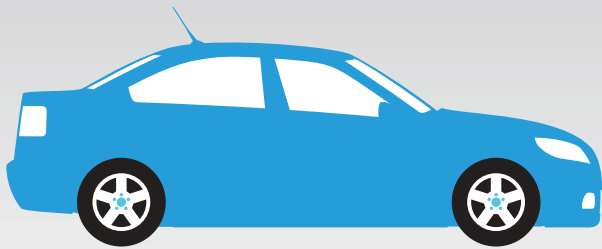
from June 2020 to June 2021

TOTAL NEW VEHICLES SOLD THROUGH JUNE 2021

8.3 million units

VEHICLES IN OPERATION, Q2 2021

282.8 million



1YR

3YRS

5YRS

7YRS

9YRS

11YRS

13YRS

15YRS

Average age of vehicles on the road
(cars and light trucks, Q3 2021)

12.1
YEARS

DEALERSHIP EMPLOYEES

1,080,100

63

Average per dealership



\$1,292

Average weekly earnings
per dealership employee
(year-end 2020)

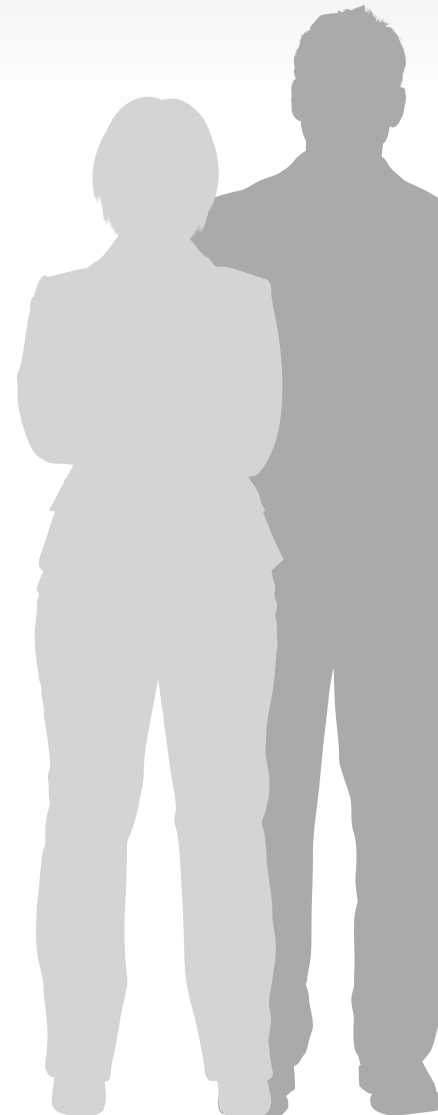
\$4.2 million

Average annual payroll
per dealership
(year-end 2020)

\$69.9 billion

Total payroll of all
dealerships
(year-end 2020)

Source: Bureau of Labor Statistics





\$60.4 billion
SERVICE AND PARTS SALES
(for all new-vehicle dealerships)



\$3.6 million
SERVICE AND PARTS SALES
(per new-vehicle dealership)



249,653
TECHNICIANS
(including body shop)

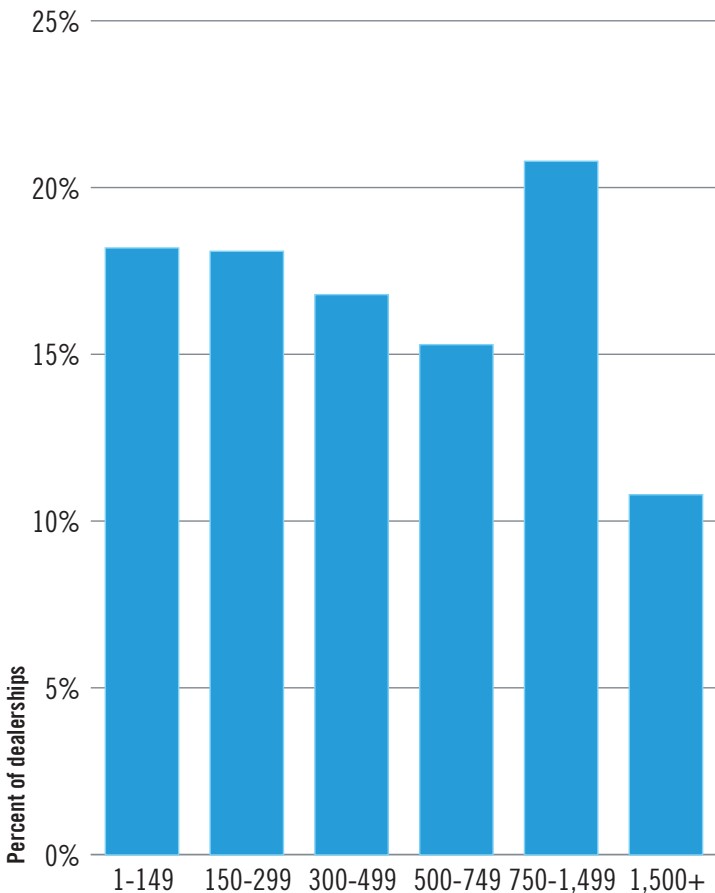


136.7 million
REPAIR ORDERS WRITTEN

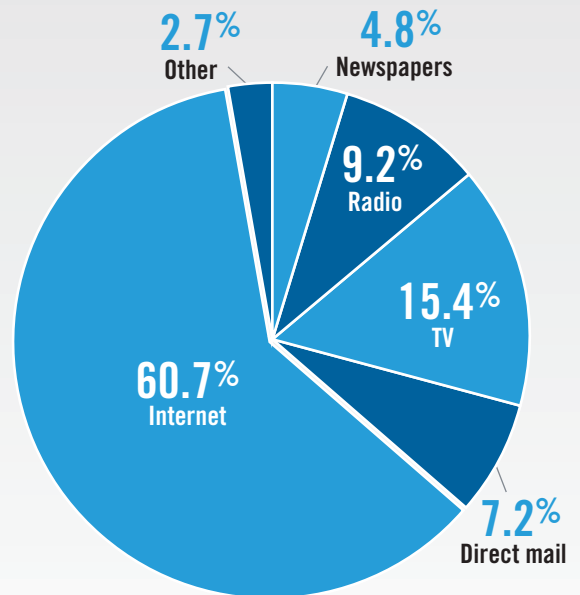
Percentage of dealerships operating on-site body shops

35.9%

SHARE OF DEALERSHIPS BY VOLUME *(of new-unit sales, June YTD 2021)*



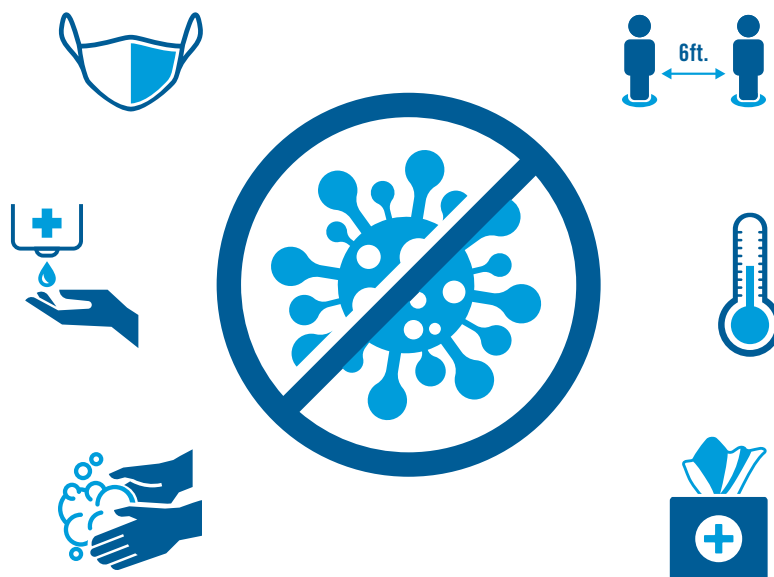
ADVERTISING EXPENDITURES *(by medium, data from year-end 2020)*



(All NADA Data numbers are from mid-year 2021 unless otherwise noted.)

COVID-19

Since the COVID-19 crisis began, NADA has been extensively engaged in navigating crucial legal issues and mandates to help dealers protect their employees and customers.



Multiple federal pandemic-related programs ended in 2021: Most of the federal programs established in 2020 and early 2021 to address various consequences of the COVID-19 pandemic have ended. For example:

■ **Families First Coronavirus Response Act (FFCRA):** The mandate for emergency paid sick and child care leave ended on December 31, 2020, and the eligibility of dealerships to voluntarily provide FFCRA leave and use tax credits to offset the cost ended on September 30, 2021.

■ **Paycheck Protection Program (PPP):** Ended on March 31, 2021. It appears that most of the dealerships that were eligible applied for PPP loans and were subsequently granted forgiveness of those loans.

■ **Employee Retention Tax Credit (ERTC):** Allowed certain dealerships that were shut down due to COVID-19, or that had business reductions in 2020 or 2021, to take a credit against their employment taxes. Eligible employers could qualify for credits of up to \$5,000 per employee for 2020, and up to \$7,000 per employee for each of the first three quarters of 2021.

■ **Economic Injury Disaster Loan (EIDL):** Small Business Administration's (SBA) expanded COVID-19 EIDL program ended on December 31, 2021.

■ **Ongoing:** In addition to state and local mandates and resources, various federal agencies offer COVID-19 Workplace Health and Safety Guidelines designed to assist employers with their good-faith efforts to

prevent work-related infections. The Centers for Disease Control (CDC) has online resources for businesses to plan, prepare and respond to COVID-19. In addition to pursuing mandates for employers with 100 or more employees, the Occupational Safety and Health Administration (OSHA) offers guidance on preparing workplaces for COVID-19 and on returning to work. The Equal Employment Opportunity Commission (EEOC) provides technical assistance and FAQs on workplace anti-discrimination laws. Lastly, the Environmental Protection Agency (EPA) has issued guidance on disinfectants for use against COVID-19. ❖



REGULATORY MAZE

Service and Parts Department

- Clean Air Act
- Clean Water Act
- DOT hazardous-materials-handling procedures
- FTC Used Parts Guide
- IRS Core Inventory Valuation
- LIFO/FIFO inventory accounting method
- NHTSA tampering rules
- NHTSA tire rules
- OSHA asbestos standards
- OSHA Hazard Communication Standard
- OSHA lock-out/tag-out procedures
- OSHA workplace health and safety standards
- RCRA
- Safe Drinking Water Act
- Superfund
- UNICAP

Body Shop

- Clean Air Act
- EPA hazardous-waste rules
- OSHA Hazard Communication Standard
- OSHA Respiratory Protection Standard
- OSHA workplace health and safety standards
- UNICAP
- VIN and parts marking



All Departments (Customer)

- Americans with Disabilities Act
- CAN-SPAM Act
- Consumer Review Fairness Act
- Driver's Privacy Protection Act
- Electronic Funds Transfer Act
- FTC Privacy Rule
- FTC prohibition against deceptive and unfair trade practices
- FTC Safeguards Rule
- FTC Telemarketing Sales Rule
- FTC warranty rules
- IRS Cash-Reporting Rule
- Magnuson-Moss Act
- OFAC restrictions
- Telephone Consumer Protection Act
- USA PATRIOT Act

Our annual list of major federal regulations. State and local laws also apply and sometimes include additional requirements.

F&I Department

- Dodd-Frank Financial Reform Law
- Equal Credit Opportunity Act
- FACT Act of 2003
- Fair Credit Reporting Act
- FTC Credit Practices Rule
- FTC Holder-in-Due-Course Rule
- Gramm-Leach-Bliley Act
- Military Lending Act
- Producer-Owned Reinsurance Companies
- Truth in Lending and Consumer Leasing acts

All Departments (General Management/Personnel)

- Affordable Care Act
- Age Discrimination in Employment Act
- Americans with Disabilities Act
- COBRA
- Electronic deposit of taxes
- Electronic records retention
- Emergency-response planning
- Employee drug testing
- Employee Polygraph Protection Act
- ERISA
- Employee verification rules
- Equal Pay Act
- Estate tax
- Family and Medical Leave Act
- Federal child-support enforcement regulations
- Federal Civil Rights Act
- FTC Repossession Rule
- Federal wage-hour and child labor laws
- Genetic Information Nondiscrimination Act
- Health Insurance Portability and Accountability Act
- IRS/DOL worker classification
- IRS treatment of demo vehicles
- IRS treatment of tool plans
- Mandatory workplace posters
- Mental Health Parity Act
- Miscellaneous recordkeeping requirements
- NLRB unionization rules
- Newborns' and Mothers' Health Protection Act
- OSHA Blood-Borne Pathogens Rule
- OSHA injury and illness recording and reporting requirements
- Section 179 expensing and bonus depreciation
- USERRA
- Walking-working surfaces and fall protection rule
- WARN

New- and Used-Vehicle Sales Departments

- American Automobile Labeling Act
- CAFE and GHGs rules
- Diplomat vehicle purchases
- DOE/EPA gas-mileage guide
- Federal bankruptcy law
- FTC Cooling-Off Rule
- FTC guidelines for fuel-mileage advertising and alternative-fueled-vehicle advertising and labeling
- FTC Used Car Rule
- Gray-market vehicles
- Heavy-highway-vehicle excise tax
- IRS treatment of salesperson incentives
- LIFO inventory accounting method
- Monroney sticker (Price Labeling Law)
- Motor vehicle tax credits
- NHTSA alteration and tire-placarding rules
- NHTSA odometer rule
- NHTSA recall regulations
- NHTSA safety belt/airbag deactivation
- NHTSA tire regulations
- School van sales
- UNICAP



In addition to this list of federal laws and regulations, be sure to consult nada.org/regulatoryaffairs for more details.

All Departments (General Management/Personnel)

- **Affordable Care Act (ACA):** Extensive health care reforms enacted in 2010 affect dealerships and their health care plans. For example, most dealerships with more than 50 full-time employees had to decide by January 1, 2015, whether to offer health coverage that meets the federal requirements or pay a penalty. Many additional reporting, recordkeeping and other duties apply to dealerships and other businesses. For more information, visit healthcare.gov. The Tax Cuts and Jobs Act of 2017 (TCJA) eliminated the individual responsibility mandate after December 31, 2018.
- **Age Discrimination in Employment Act:** Protects older individuals against age-based employment discrimination.
- **Americans with Disabilities Act (ADA):** Prohibits discrimination against the physically handicapped in areas of public accommodation. Must make reasonable accommodations to facilities, such as by installing ramps, and accessible parking spaces, drinking fountains, public toilets and doors. While not clearly mandated by the ADA, businesses should consider developing and managing their websites to ensure they are accessible to those with disabilities.
- **Consolidated Omnibus Budget Reconciliation Act (COBRA):** Dealerships with 20 or more employees must continue health care coverage for ex-employees and their families for 18 to 36 months, depending on circumstances.
- **Electronic deposit of taxes:** Dealerships generally must use the Electronic Federal Tax Payment System.
- **Electronic records retention:** Revenue Procedure 98-25 explains IRS requirements for retaining computerized accounting records.
- **Emergency-response planning:** Federal, state and local laws require dealers to have emergency-response plans.
- **Employee drug testing:** Unionized dealerships must bargain with unions before implementing employer drug policies (not necessary for pre-employment drug testing). The ADA prohibits employers from discriminating against employees or applicants who have completed or are currently undergoing drug treatment, as long as they aren't currently abusing drugs.

- **Employee Polygraph Protection Act:** Prohibits dealerships from using polygraphs in pre-employment screening; allows use in limited cases where an employee is reasonably suspected of a workplace incident involving economic loss to the employer.
- **Employee Retirement Income Security Act (ERISA):** Dealers offering retirement or health plans must, among other things, provide employees with plan information, keep records and abide by fiduciary responsibilities.
- **Employment verification rules:** Dealerships must verify the employment eligibility of prospective new employees using I-9 forms and proper support documentation. Use of E-verify is optional.
- **Equal Pay Act:** Prohibits wage discrimination on the basis of sex.
- **Estate tax:** The estate tax limit for 2020 is \$11.58 million. The annual gift exclusion remains at \$15,000, with lifetime gifts beyond the annual exclusion counting toward the \$11.58 million combined estate/gift tax exemption.
- **Family and Medical Leave Act (FMLA):** Dealerships must post a notice informing employees of their right to take unpaid personal and family medical leave and must comply with appropriate requests for such leave. Special provisions apply to leave related to military service.
- **Federal child-support enforcement regulations:** Requires states to govern liens put on personal property—including vehicles—for overdue child support. Dealerships should check that child-support liens don't exist on used cars, and must place liens on wages of employees who are delinquent on child-support payments.
- **Federal Civil Rights Act:** Bars employment discrimination on the basis of race, sex, color, religion or national origin. Prevents employers from asking job applicants certain questions (such as age, marital status or childbearing plans). Prohibits workplace sexual harassment, including behavior that creates a hostile work environment.
- **FTC Repossession Rule:** Requires formal accounting of money collected for repossessed vehicles.
- **Federal wage-hour and child labor laws:** Address minimum-wage and overtime pay mandates and exemptions as well as standards for employing minors, including teen driving restrictions. Federal minimum wage is \$7.25 per hour; state and local minimum wage rates may be higher.

- **Genetic Information Nondiscrimination Act:** Prohibits discrimination based on health-related employee DNA information.
- **Health Insurance Portability and Accountability Act:** Generally prohibits health insurers from denying coverage to workers who lose or change jobs and bars insurers from excluding coverage for pre-existing conditions for more than a year.
- **IRS/DOL worker classification:** Dealers must determine whether their workers are employees or independent contractors. The IRS and the Department of Labor use multi-factor legal standards and tests to evaluate this question. When making worker-classification decisions, dealerships should be conservative and prepared to document their decisions. Of greatest importance: the level of control employers exercise over workers as measured by the means and manner of the work performed. The IRS Voluntary Classification Settlement Program encourages employers to admit past worker misclassifications.
- **IRS treatment of demo vehicles:** Revenue Procedure 2001-56 offers dealers alternative methods for determining the value of demo use by qualified salespeople and other dealership employees. It defines what constitutes limited personal use and streamlines recordkeeping requirements.
- **IRS treatment of tool plans:** Tool and equipment plans for service technicians and other employees must comply with the IRS requirements for business connection, substantiation and return of excess payment.
- **Mandatory workplace posters:** Notices, such as "Your Rights Under the FMLA," "Equal Employment Opportunity Is the Law," "Federal Minimum Wage" and "Notice: Employee Polygraph Protection Act," must be conspicuously displayed.
- **Mental Health Parity Act:** Requires insurers and large health plans to offer mental illness coverage comparable to that for physical illness and to set dollar limits on mental health care comparable to that for general medical and surgical services. The ACA generally mandates minimum mental health coverages.
- **Miscellaneous recordkeeping requirements:** A multitude of requirements govern the length of time records must be maintained. Examples: Notification forms for underground storage tanks must be kept indefinitely; and copies of Form 8300 cash reports must be kept for five years.
- **National Labor Relations Board (NLRB) unionization rules:** Govern unionization

activities, including employee rights, election rules, postings and unfair labor practices.

■ **Newborns' and Mothers' Health Protection Act:** Employers and insurers must provide minimum hospital-stay benefits.

■ **OSHA Blood-Borne Pathogens Rule:** Dealerships more than four minutes from an emergency health facility must have a program to respond to employees who suffer cuts. All dealerships must have adequate first-aid kits.

■ **OSHA injury and illness recording and reporting requirements:** Dealers with 10 or more employees are required to maintain a yearly log of work-related injuries and illnesses on OSHA Form 300. Dealers must also complete a report on each workplace injury or illness that occurs using OSHA Form 301. Even if no injuries or illnesses have occurred in a calendar year, all dealers with more than 10 employees must fill out and post an annual summary of work-related injuries and illnesses on OSHA Form 300A. Dealers also must report the following events to OSHA: all work-related fatalities; all work-related inpatient hospitalization of one or more employees; all work-related amputations; and all work-related losses of an eye. Heavy-duty truck dealerships with 20 to 249 employees per establishment also must electronically submit OSHA Form 300A. Both heavy-duty truck and light-duty car dealerships with more than 250 employees per establishment must electronically submit OSHA Form 300A.

■ **Section 179 expensing and bonus depreciation:** Generally, businesses can expense qualified Section 179 property, subject to phaseout. The total Section 179 deduction limitation is \$1,050,000 for 2021. Bonus depreciation is 100% for certain property acquired after September 27, 2017, and is good through 2022. This now also includes used equipment. Please note that this information is current as of December 10, 2021. Congress is, at present, considering legislation that, if enacted, could alter the Section 179 deduction limitation, bonus depreciation and phaseout parameters.

■ **Uniformed Services Employment and Reemployment Rights Act (USERRA):** Governs the employment and reemployment rights of members of the U.S. uniformed services.

■ **Walking-working surfaces and fall protection rule:** Must implement practices to prevent slips and falls, including personnel training and facility inspections.

■ **Worker Adjustment and Retraining Notification Act (WARN):** Dealerships must give 60

days' notice to workers before termination or store closings under certain circumstances.

All Departments (Customer)

■ **Americans with Disabilities Act (ADA):**

Prohibits discrimination against the physically handicapped in areas of public accommodation. Must make reasonable accommodations to facilities, such as by installing ramps, and accessible parking spaces, drinking fountains, public toilets and doors.

■ **CAN-SPAM (Controlling the Assault of Non-Solicited Pornography and Marketing) Act:**

Emailers must identify a commercial message as an advertisement or solicitation and provide their physical postal addresses and a mechanism to opt out of future commercial emails. If recipients opt out, senders must stop sending them commercial email within 10 business days. The disclosure requirements don't apply to emails that relate to transactions or relationships, such as those containing exclusively warranty information or recall-repair messages, or messages related to the completion of transactions requested by the consumer. No one may send commercial emails to wireless devices without recipients' express prior authorization. So that senders can recognize wireless addresses, the FCC maintains a list of wireless domain names at fcc.gov/cgb/policy/DomainNameDownload.html. Commercial emailers must check the list monthly. (Additional provisions prohibit deceptive headers, misleading subject lines and other spam tactics.) A text message may also be considered an email and therefore subject to the CAN-SPAM Act if it is sent to an email address—that is, if it has an internet domain name after the “@” symbol (whether the email address is displayed or not). This means that no commercial text message (deemed to be an email) may be sent to a wireless device without “express prior authorization.” Merely having an “established business relationship” with the recipient is not enough.

■ **Consumer Review Fairness Act (CRFA):**

Effective March 2017, the CRFA voids any “Form Contract” that seeks to impede consumer reviews and makes it unlawful for a person to offer such a form contract to consumers. In particular, it prohibits provisions in form contracts that (1) restrict a consumer's ability to communicate reviews or performance assessments about a seller's goods, services or conduct; (2) impose a penalty or fee on a consumer who engages in communications of that nature; or (3) require

people to give up their intellectual property rights in the content of their reviews.

■ **Driver's Privacy Protection Act:** Prohibits access to personal information in state motor vehicle records except for limited purposes, such as driver safety, theft and recalls. Also restricts the release or use of personal info for marketing.

■ **Electronic Funds Transfer Act (EFTA):** EFTA and its implementing “Regulation E” govern a variety of electronic transactions. Certain provisions of Regulation E apply directly to any “person” that engages in certain activities or transactions, regardless of whether the person is a financial institution. Examples of such transactions include: issuing access devices (such as debit cards, personal identification numbers [PINs] or payroll cards); issuing or selling gift cards; initiating electronic check conversions; preauthorizing electronic fund transfers; or operating ATMs.

■ **FTC Privacy Rule:** Dealers must issue notices of their privacy policies to their finance and lease customers and, in some cases, to consumers when the dealer discloses nonpublic information about consumers to third parties. The rule also restricts disclosure of nonpublic personal information and requires dealers to contractually limit their service providers' access to and use of that information. Dealers who correctly use an FTC model privacy notice receive safe harbor protection for the language used to describe their privacy policy.

■ **FTC prohibition against deceptive and unfair trade practices:** Section 5 of the FTC Act prohibits unfair and deceptive trade practices. For example, the FTC has found certain advertising practices to be deceptive, such as offering “50% OFF” the purchase prices of vehicles, but the discounted prices are only available to a very limited number of customers and the qualifications for receiving the discounted price are not prominently disclosed in the ad.

■ **FTC Safeguards Rule:** The FTC recently amended the Safeguards Rule to require a series of procedural, technical, training, policy and other requirements for dealers to ensure the security of consumer data. The deadline for compliance with the new rule is December 9, 2022. Dealers should review NADA guidance and consult with their advisors and vendors to ensure compliance.

■ **FTC Telemarketing Sales Rule (TSR):** Imposes many of the Telephone Consumer Protection Act (TCPA) restrictions (below) on dealers who telemarket across state lines. Requires dealers who sell or obtain

payment authorization for goods or services during interstate phone calls to abide by the prohibition against numerous deceptive and abusive acts and to maintain certain records. Prohibits prerecorded telemarketing calls without a consumer's express written agreement, requires such calls to provide a key-press or voice-activated opt-out mechanism at the outset of the calls, and requires the calls to ring for 15 seconds or four rings before disconnecting.

■ **FTC warranty rules:** The Disclosure Rule mandates disclosure requirements for written warranties and requires simple language in a single document. The Pre-Sale Availability Rule details the methods by which warrantors and sellers must provide warranty terms before a sale. The E-Warranty Act allows warrantors to comply by posting warranty terms to a website, as long as the warrantor also provides consumers with a non-internet-based method to obtain warranty terms, and allows sellers to use electronic methods to provide consumers with warranty terms pre-sale.

■ **IRS Cash-Reporting Rule:** Dealers receiving more than \$10,000 in cash in one transaction or in two or more related transactions must file IRS/FinCEN Form 8300 with the IRS within 15 calendar days and must provide written notice that the report was filed to the person named in the report by January 31 of the following year. "Cash" includes certain cashier's checks, traveler's checks, money orders and bank drafts. The IRS permits dealers to file Form 8300 electronically.

■ **Magnuson-Moss Act:** Dealers must give consumers certain information on warranties and service constraints. Warrantors are generally prohibited from requiring customer-pay service to be performed at a dealership as a condition of a vehicle warranty.

■ **Office of Foreign Assets Control (OFAC) restrictions:** Dealerships may not enter into transactions with certain sanctioned countries, governments, or specially designated organizations and individuals. Dealers should check the electronic list maintained by OFAC to ensure compliance.

■ **Telephone Consumer Protection Act (TCPA):** Requires express written consent prior to any text message or prerecorded or autodialed telemarketing call to a cell phone. You cannot send any text message whatsoever to a cellular telephone number—solicitation or not, whether the number is on a do-not-call (DNC) list or not—using an "autodialer" unless you have the called consumer's "prior express

consent." The act imposes national and company-specific DNC rules, calling-time restrictions, caller ID requirements, fax advertising rules, and restrictions on the use of autodialers and prerecorded messages. Fax ads may be sent only to authorized recipients and must include a phone number, fax number and toll-free opt-out mechanism (each available 24/7) on the first page of the fax ad. The FCC considers text messages to be "phone calls" under the TCPA. Do not send text-message "solicitations" to phone numbers on the national DNC list (subject to the "established business relationship" and "prior express permission" exemptions to the national DNC rules) or your company-specific DNC list (to which there are no exemptions). See additional text-message restrictions under "CAN-SPAM Act."

■ **USA PATRIOT Act:** Dealers must search their records and provide information about individuals or entities with whom they conducted transactions or created accounts if requested by the federal Financial Crimes Enforcement Network. Dealers are currently temporarily exempt from the law's anti-money-laundering program requirements.

New- and Used-Vehicle Sales Departments

■ **American Automobile Labeling Act (AALA):** New cars and light trucks must have a domestic-parts content label showing percentage of U.S. or Canadian parts; countries contributing more than 15% of the parts; origin of engine and transmission; and location of vehicle assembly. Dealers must ensure that labels remain on vehicles until sold.

■ **Corporate Average Fuel Economy (CAFE) and Greenhouse Gases (GHGs) rules:** NHTSA CAFE and EPA GHGs rules govern the fuel economy performance of all light-, medium- and heavy-duty vehicles, which affects their design, performance and cost. EPA also governs the use of alternative technologies and fuels.

■ **Diplomat vehicle purchases:** The State Department's Office of Foreign Missions must approve a diplomat's vehicle purchase before a tax exemption request may be honored.

■ **DOE/EPA gas-mileage guide:** Dealers must make this guide available to prospective new-vehicle buyers upon request. Download the guide from fuelconomy.gov.

■ **Federal bankruptcy law:** Dealerships should perfect security interests within 30

days after a customer takes possession of a vehicle, regardless of state law. Otherwise, if the customer files for bankruptcy within 90 days of when the financing agreement is signed, the bankruptcy trustee may avoid the lien. Dealerships failing to perfect liens in a timely manner may be liable for losses.

■ **FTC Cooling-Off Rule:** Gives consumers a three-day "cooling-off" period only for sales not consummated at a dealership. Does not apply to auctions, tent sales or other temporary locations if the seller has a permanent place of business. FTC guidance states that an online sale or delivery of a vehicle to a consumer does not implicate this rule as long as the sale is negotiated at the dealership or online, and that the only activity that takes place at the home are the administrative tasks of obtaining a signature and delivering the vehicle.

■ **FTC guidelines for fuel-mileage advertising and alternative-fueled-vehicle advertising and labeling:** Dealer and manufacturer fuel economy advertisements must state that the numbers are estimates and where they come from. Alternative-fueled vehicles must be properly labeled.

■ **FTC Used Car Rule:** "Buyers Guides" are required on all used vehicles offered for sale, disclosing whether the vehicle is offered "as is" or with a dealer warranty, other non-dealer warranty disclosures and service contract availability. Dealers must use the FTC-required Buyers Guide form.

■ **Gray-market vehicles:** EPA, NHTSA and U.S. Customs restrict the importation/sale of new and used vehicles.

■ **Heavy-highway-vehicle excise tax:** A 12% excise tax generally applies to the first retail sale of (1) truck chassis and bodies with a gross vehicle weight rating (GVWR) in excess of 33,000 pounds (Class 8); (2) truck trailer and semitrailer bodies with a GVWR in excess of 26,000 pounds (Classes 7 and 8); and (3) "highway tractors," unless they have a GVWR of 19,500 pounds or less (Class 5 and under) and a gross combined weight rating of 33,000 pounds or less. Dealers selling Class 5 vehicles with more than 33,000-pound gross combined weight rating or Classes 6 or 7 vehicles should apply the "primary design" test to determine if a vehicle is a taxable tractor or a nontaxable truck.

■ **IRS treatment of salesperson incentives:** Factory incentives paid directly to salespeople by the factory are not required to be treated as wages for tax purposes. However, factories must report these



incentives as taxable amounts to salespeople if \$600 or more.

■ **LIFO (last-in/first-out) inventory accounting method:** The use of the LIFO inventory methods must comply with the conformity requirement.

■ **Monroney sticker (Price Labeling Law):** Dealerships must keep stickers on new passenger cars showing the manufacturer's suggested retail price, plus other costs, such as options, federal taxes, and handling and freight charges. Stickers also include EPA's revised fuel economy information and NHTSA's NCAP revised crash-test star ratings. Dealerships that alter covered vehicles must attach a second label adjacent to the Monroney label, stating, "This vehicle has been altered. The stated star ratings on the safety label may no longer be applicable." No size or form of this label is specified, but it must be placed as close as possible to Monroney labels on automobiles that (1) have been altered by the dealership and (2) have test results posted.

■ **Motor vehicle tax credits:** Customers may be eligible for up to a \$7,500 personal federal tax credit when they buy new qualifying plug-in electric or dedicated electric vehicles. Eligibility for this "EV Tax Credit" is based on a taxpayer's income and tax status. The EV Tax Credit begins to phase out when a manufacturer's overall EV sales reach 200,000 qualified vehicles in the United States. Note that several manufacturers have now exceeded, or soon will exceed, the 200,000 threshold. Note as well that this information is current as of December 10, 2021. Congress is, at present, considering legislation that, if enacted, will significantly expand and modify the EV Tax Credit. Dealers should use caution when discussing the availability of this credit, and should ensure they do not provide legal or tax advice.

■ **NHTSA alteration and tire-placarding rules:** Significantly altered new vehicles must have labels affixed identifying the alterations and stating that they meet federal safety and theft standards. Tire-placarding and -relabelling rules require a new tire-information placard/label whenever parts or equipment are added that may reduce a vehicle's cargo-carrying capacity, or when replacement tires differ in size or inflation pressure from those referred to on the original.

■ **NHTSA odometer rule:** Prohibits odometer removal or tampering and misrepresentation of odometer readings. Requires recordkeeping to create a proof of disclosure to the customer and odometer disclosures on titles. Required disclosures may now be made electronically, consistent with state law. Vehicles with a greater than 16,000-pound gross vehicle weight rating and those 20 model years old or older are exempt, starting in 2021 for model years 2011 and later. Model years prior to 2011 are exempt from the 20-year disclosure requirement.

■ **NHTSA recall regulations:** New vehicles and parts subject to any safety recall, and used vehicles subject to "do-not-drive" safety recalls, should be brought into compliance before delivery.

■ **NHTSA safety belt/airbag deactivation:** Dealerships may install airbag switches for consumers with NHTSA authorization. Dealerships also must be responsive to consumer requests for rear-seat lap/shoulder safety belt retrofits in older vehicles.

■ **NHTSA tire regulations:** Rule requires proper replacement or modification of the tire-information labels when replacing tires or adding weight before first sale or lease. Also, customers must be given registration cards when buying new tires or the tires may be registered electronically. Other rules govern the handling and disposal of recalled new and used tires.

■ **School van sales:** Dealers may not sell, lease or give away large, new passenger vans with more than 10 seating positions if they know the vehicle will be used to transport students to or from school or school activities. Schools must purchase or lease a school bus or multifunction school activity bus for such purposes.

■ **Uniform capitalization (UNICAP):** Dealers who (1) "produce" property or (2) acquire it for resale if their average annual gross receipts over the three preceding tax years exceed \$25 million must comply with the UNICAP requirements contained in Section 263A of the Internal Revenue Code. Revenue Procedure 2010-44 creates two safe harbor methods of accounting, which dealers may elect by filing Form 3115 with the IRS, that generally permit dealers to expense, instead of capitalize, all handling and storage costs at certain dealership facilities.

F&I Department

■ **Dodd-Frank Financial Reform Law:** Dealers engaged in three-party financing are excluded from the authority of the Consumer Financial Protection Bureau and remain subject to regulation by the Federal Reserve Board, the FTC (which has been given streamlined authority to declare dealer practices as unfair or deceptive) and state consumer protection agencies. Finance sources, including dealers who engage in BHPH financing, are subject to the bureau's jurisdiction. The Dodd-Frank law also created several new obligations for creditors, including additional disclosure requirements for risk-based pricing and adverse-action notices under the Fair Credit Reporting Act (Section-1100F). Plus, it contains a requirement to collect, report to the federal government, retain and make available to the public upon request certain

data collected in credit applications from small, women-owned and minority-owned businesses. Dealers are temporarily exempt from this requirement pending promulgation of specific regulations.

■ **Equal Credit Opportunity Act (ECOA):**

Regulation B prohibits discrimination in credit transactions based on race, sex, color, marital status, religion, national origin, age and public-assistance status. The government interprets this prohibition as applying not just to intentional discrimination, but also to credit practices that result in a negative “disparate impact” on consumers based on one of these prohibited factors. In addition, the dealer/creditor is required both to notify applicants in a timely fashion of actions taken on—and reasons for denying—applications, and to retain certain records. (See also “Dodd-Frank Financial Reform Law,” above, for a description of small-business loan data collection requirements.) An optional ECOA compliance program template is available to dealers at nada.org/faircredit.

■ **Fair and Accurate Credit Transactions**

(FACT) Act of 2003: Amends the Fair Credit Reporting Act (FCRA) and provides consumers with tools to help prevent identity theft and enhance the accuracy, security and reliability of their financial information. Dealer duties include: responding to requests for records from victims of ID theft and to fraud and active-duty alerts on credit reports; disposal requirements for credit report information; opt-out disclosure formatting requirements for prescreened credit solicitations; truncating the expiration date and all but the last five digits on electronically printed credit and debit card receipts provided to purchasers at the point of sale; the Federal Reserve’s Regulation FF restrictions on obtaining, using and sharing “medical information” in credit transactions; the FTC Red Flags Rule, which requires creditors and financial institutions to develop and implement a written Identity Theft Prevention Program that contains procedures to identify, detect and respond to “red flags” indicating the possibility of identity theft; the FTC Address Discrepancy Rule, which requires users of credit reports to develop and implement procedures to verify a customer’s identity when receiving a “Notice of Address Discrepancy” from a consumer reporting agency; the FTC Affiliate Marketing Rule, which generally requires a business to offer customers the opportunity to opt out of receiving solicitations from the business’s affiliates before affiliates may market to

the customers; and the Risk-Based Pricing Rule, which generally requires initial creditors to issue either risk-based pricing notices to consumers to whom credit is granted but on relatively unfavorable terms, or credit score disclosure exception notices to all consumer credit applicants. Additional requirements apply to businesses that furnish negative information about consumers to consumer reporting agencies.

■ **Fair Credit Reporting Act (FCRA):**

Dealers are restricted in their use of credit reports for consumers, job applicants and employees. Credit reports generally may be obtained only pursuant to consumers’ written instructions or if consumers initiate a business transaction (not if they merely talk with salespeople). Dealers must give job applicants and employees a separate document informing them that a credit report may be obtained and must obtain prior, written authorization to access the report. Dealers generally may not share credit information with affiliates unless they give consumers notice and the opportunity to opt out. If dealers take adverse action based on the report, they must notify consumers and follow additional procedures with job applicants and employees.

■ **FTC Credit Practices Rule:** Dealers are required to provide a written disclosure statement to a cosigner before the cosigner signs an installment sale contract. Dealers cannot “pyramid” late charges (that is, add a late charge onto a payment made in full and on time when the only delinquency was a late charge on a previous installment).

■ **FTC Holder-in-Due-Course Rule:** Preserves the consumer’s right to raise claims and defenses against purchasers of consumer credit contracts (with automobile sales, it protects consumers who buy vehicles from dealerships on credit). When dealerships sell credit contracts to lenders, consumers are obligated to pay the lenders instead of the dealerships. Under the rule, if a dealership engaged in fraud or made misrepresentations in selling a car on credit, a consumer could raise the dealership’s conduct as a defense against the lender’s demand for payments. Dealerships must ensure that their credit contracts contain the precise disclosure required by the rule.

■ **Gramm-Leach-Bliley Act:** See “FTC Privacy Rule” and “FTC Safeguards Rule” under “All Departments (Customer).”

■ **Military Lending Act (MLA):** The MLA imposes duties and restrictions on certain types of consumer credit extended to active-duty service members and their

dependents that is not covered by the motor vehicle financing exclusion, such as a motor vehicle financing transaction with an active-duty service member that includes a cash advance (i.e., “cashout” financing).

■ **Producer-Owned Reinsurance Companies (PORCs):**

IRS Notice 2016-66 identifies certain reinsurance arrangements as “transactions of interest” requiring taxpayer disclosure by the filing of Form 8886. While this requirement does not involve all reinsurance arrangements, the IRS may continue to scrutinize any transaction that shifts income from taxpayers to related companies and results in tax benefits. The Tax Cut and Jobs Act of 2017 reduced the tax rate to 21% for domestic finance and insurance reinsurance companies, including small companies, electing to be taxed only on investment income and U.S.-taxed “controlled foreign corporations.” The law makes significant changes involving non-controlled foreign corporations by expanding the definition of a U.S. shareholder and, most importantly, by changing the definition of a passive foreign investment company. These changes may decrease the ability of U.S. shareholders to defer the taxable income from these companies. The IRS recently proposed regulations addressing this issue, which when finalized should provide clarity in this regard.

■ **Truth in Lending and Consumer Leasing**

acts: Regulations Z and M cover consumer credit and consumer leasing transactions, respectively, specifying information to be disclosed to a consumer before completing the transaction, and information to be disclosed when advertising consumer credit transactions or leases. For example, dealers who advertise a lease down payment or monthly payment amount must disclose in lease ads that the advertised deal is a lease; the total amount due at lease signing; number, amount and period (for example, monthly) of payments; and whether a security deposit is required.

Service and Parts Department

■ **Clean Air Act:** Dealerships may not tamper with, replace or remove emissions-control equipment, such as catalytic converters. CFC recycling regs require dealership air-conditioning techs to obtain certification and to use certified recycling and recovery equipment to capture spent refrigerant, including HFC-134a and other non-ozone-depleting refrigerants. The act also regulates any fuels dealers store and dispense, and the alternative fuels motor-



ists use, including gasohol. It restricts emissions from solvents and chemicals.

- **Clean Water Act:** Sets standards for regulation of wastewater and stormwater at dealerships and comprehensive rules governing aboveground oil storage tanks.
- **Department of Transportation (DOT) hazardous-materials-handling procedures:** Require parts employees who load, unload and package hazardous products, such as airbags, batteries and brake fluid, to be trained in safe handling practices.
- **FTC Used Parts Guide:** Prohibits misrepresentations that a part is new or about the condition, extent of previous use, reconstruction or repair of a part. Previously used parts must be clearly and conspicuously identified as such in advertising and packaging, and, if the part appears new, on the part itself.
- **IRS Core Inventory Valuation:** Revenue Procedure 2003-20 creates an optional method for valuing core inventories for those using the Lower of Cost or Market Valuation Method.
- **LIFO/FIFO inventory accounting method:** Revenue Procedure 2002-17 provides a safe harbor method of accounting that authorizes the use of replacement cost to value year-end parts inventory.
- **NHTSA tampering rules:** Prohibit dealerships from rendering inoperative safety equipment installed on vehicles in compliance with federal law.
- **NHTSA tire rules:** Dealerships must report sales of defective tires when they are sold separately from vehicles, and must properly manage recalled tires.
- **OSHA asbestos standards:** Dealerships must use certain procedures during brake and clutch inspections and repairs to minimize workplace exposures. Water, aerosol cleaners or brake washers may be used to comply with the standard.
- **OSHA Hazard Communication (HAZCOM) Standard (right-to-know laws):** Dealers must inform employees about chemical hazards they may be exposed to in the

workplace, keep chemical product information sheets on-site and accessible, and train staffers to properly handle the hazardous materials. Also, EPA's community right-to-know rules require dealers to list annually with state and local authorities tanks of more than 1,600 gallons.

- **OSHA lock-out/tag-out procedures:** Explain what service departments must do to ensure machines, including vehicles, are safely disengaged before being serviced.
- **OSHA workplace health and safety standards:** Extensive regulations cover a multitude of workplace issues and practices, from chemical labeling requirements to the number of toilets required. Example: Dealerships must determine if workplace hazards warrant personal protective equipment and, if so, to train employees on its use. Verbal or online reports must be made within eight hours of any incident involving the hospitalization or death of any worker.
- **Resource Conservation and Recovery Act (RCRA):** Comprehensive environmental law regulating many dealership functions, including underground storage tanks and the storage, management and disposal of used oil, antifreeze, mercury products and hazardous wastes, including some airbags. Underground tanks must be monitored, tested and insured against leaks; leaks and spills must be reported to federal and local authorities and cleaned up. The law also regulates new-tank installations. Dealers must obtain EPA ID numbers if they generate more than 220 pounds per month (about half of a 55-gallon drum) of certain substances; must use EPA-certified haulers to remove the waste from the site; and must keep records of those shipments. Used oil should be burned in space heaters or hauled off-site for recycling. Used oil filters must be punctured and drained for 24 hours before disposal.
- **Safe Drinking Water Act:** To protect underground drinking water from contamination, dealerships should avoid discharging waste liquids (such as used oil, antifreeze and brake fluid) into septic system drain fields, dry wells, cesspools or pits.

- **Superfund (Comprehensive Environmental Response, Compensation, and Liability Act):** As waste generators, dealerships may be subject to Superfund liability. Carefully select companies to haul waste off-site. Dealers can deduct the cost of cleaning up contaminated soil and water in the year it's done. Dealers may qualify for an exemption from liability for sites involving used oil managed after 1993. The service station dealer exemption application (SSDE) requires dealers to properly manage their oil and to accept oil from do-it-yourselfers.
- **UNICAP:** See "New- and Used-Vehicle Sales Departments."

Body Shop

- **Clean Air Act (CAA):** National paint and hazardous air-pollution rules require re-formulated, environmentally safer paints and finishes, special handling procedures, and recordkeeping.
- **EPA hazardous-waste rules:** See "RCRA" under "Service and Parts Department."
- **OSHA Hazard Communication (HAZCOM) Standard:** See "Service and Parts Department."
- **OSHA Respiratory Protection Standard:** Requires written programs describing how to select, fit and maintain respirators to protect body shop workers from hazardous chemicals.
- **OSHA workplace health and safety standards:** Extensive regulations affect body shops in many ways, including mandating the use and care of protective equipment such as face masks, gloves and respirators. Hex chrome standards limit air emissions during sanding and painting. (See also "Service and Parts Department.")
- **UNICAP:** See "New- and Used-Vehicle Sales Departments."
- **VIN and parts marking:** Dealers may not alter, destroy or tamper with vehicle identification numbers or antitheft parts-marking ID numbers and should use only properly marked replacement parts. ❖

Greg Cote, Doug Greenhaus, Kaye Lynch-Sparks, Paul Metrey and Brad Miller of the NADA Legal and Regulatory Affairs Department contributed to this guide. For more info, visit nada.org/regulatoryaffairs.

Legal disclaimer: The information provided in this document does not, and is not intended to, constitute legal advice; instead, all information, content and materials are for general informational purposes only. Information in this document may not constitute the most up-to-date legal or other information. Furthermore, each dealership should consult an attorney who is familiar with federal and state law applicable and the dealership's operations to obtain advice with respect to any particular legal matter.



1847

W. Hare & Son Inc.
• Noblesville, Ind.

1852

Schaefer & Bierlein Inc.
• Frankmuth, Mich.

1859

Reynolds' Garage & Marine Inc.
• Lyme, Conn.

1875

Kemmann Chevrolet Inc.
• Lowden, Iowa

Normandin Chrysler/Jeep
• San Jose, Calif.

1885

Moser Motor Sales Inc.
• Berne, Ind.

1890

Tenvorde Ford Inc.
• St. Cloud, Minn.



Century Award Dealers

Honoring longtime dealerships.

BY JOE PHILLIPS

Many dealerships were originally blacksmiths or wagon makers before selling automobiles. The NADA Century Award celebrates those dedicated dealerships that have been in the transportation business for 100 years or more (to apply for the award, visit nada.org/centuryaward). Below is a timeline of the current NADA Century Award winners:



1895

Ferman Motor Car Co., Inc.
Tampa, Fla.

1897

Hill International Trucks LLC
East Liverpool, Ohio

1898

Eich Motor Co.
St. Cloud, Minn.

1900

Diehl Ford Inc.
Bellingham, Wash.
Hulsizer Chevrolet
Montgomery, Pa.

1901

King BMW
Freehold, N.J.

1902

Suttle Motor Corp.
Newport News, Va.

1903

Wentworth Chevrolet Inc.
Portland, Ore.

1904

Martens Cars
Washington, D.C.

1905

Claude Nolan Cadillac
Jacksonville, Fla.

1906

Smart Chevrolet Co.
Pine Bluff, Ark.

1907

Butts Motors Inc.
Seaside, Calif.
Garber Buick
Saginaw, Mich.



1911

Barry Motor Co.
Danbury, Iowa
Chuck Colvin Auto
McMinnville, Ore.
Dahl Automotive
Onalaska, Wis.

Hight Auto Group
Skowhegan, Maine
Kelleher Motor Co.
Ellensburg, Wash.
Schallau Motor Co.
Van Horne, Iowa

1912

C. Speck Motors
Sunnyside, Wash.
Harper Motors
Eureka, Calif.
J.C. Lewis Ford
Savannah, Ga.
Witt Buick
Muskegon, Mich.

1913

Baker Garage Inc.
Baker City, Ore.

1914

Oliver C. Joseph Inc.
Belleville, Ill.

1908

Luck Chevrolet
Ashland, Va.

Wegner Auto Co.
Pierre, S.D.

Don Drennen Motor Co.
Hoover, Ala.

Goodwin Bros. Auto
New Castle, Ind.

I.G. Burton and Co., Inc.
Milford, Del.

Smart Motors Inc.
Madison, Wis.

1910

Grovert Motor Co.
Newhall, Iowa

The Hersrud Co.
Sturgis, S.D.

Sames Motor Co.
Laredo, Texas

Tiffany Motor Co.
Hollister, Calif.



1915

Brasher Motor Co. of Weimar Inc.
Weimar, Texas

Broadway Automotive
Green Bay, Wis.

McClinton Chevrolet Co.
Parkersburg, W.Va.

1916

Edwards Chevrolet Co.
Birmingham, Ala.

1917

Brown's Automotive Group
Patchogue, N.Y.

Soerens Ford of Brookfield
Brookfield, Wis.

1918

Colussy Chevrolet
Bridgeville, Pa.

Sandman Brothers Inc.
Shelbyville, Ind.

1919

Mohawk Honda
Glenville, N.Y.

Walker Automotive
Alexandria, La.

To apply for a Century Award for your dealership, go to nada.org/century.

BUYER'S GUIDE

NEW PRODUCTS & SERVICES

BY PETER CRAIG

INSURANCE LOCATOR

First-time sponsor DealerPolicy Insurance (also Winooski Insurance), Williston, Vt., has the FastPass tool, which allows near-instant comparison of personalized auto insurance quotes from top carriers. The proprietary software, fueled by J.D. Power, presents insurance options at the best rates available. More info at dealerpolicy.com or 802.655.9000. (Booth 7009N)



VEHICLE FINANCING

Longtime auto finance provider Ally, Detroit, offers customer financing, leasing and protection products for new and used vehicles through some 18,000 auto dealers, helping customers learn about financing options, estimate payments and protect their investment. The company also supports dealers in inventory financing and employee training. More info at ally.com or 888.925.2559. (Booth 3941W)

BUYING USED UNITS

CarGurus subsidiary CarOffer, Addison, Texas, has Buying Matrix, which lets dealers customize their used-vehicle buying preferences to automatically fulfill orders. And CarOffer's ConsumerLane allows dealers to make customers a cash offer for their used vehicle within seconds, helping to beat the competition to the punch! More info at caroffer.com or 888.963.3373. (Booth 3253W)



DEALER MANAGEMENT SYSTEM

Tekion, Pleasanton, Calif., has introduced the Automotive Retail Cloud (ARC) dealer management system. This "cloud native" innovation offers dealers seamless integration with consumers, automakers and other partners in such areas as sales/F&I, digital retail, accounting, service, parts and analytics. More info at tekion.com or 833.835.4662. (Booth 3701W)

FRAUD DETECTION

Fraudfighter, Glendora, Calif., offers the UV-16 manual counterfeit detector to flag counterfeit U.S. and many foreign currencies, debit and credit cards, U.S. and foreign government-issued identification documents such as driver licenses, and various negotiable instruments such as traveler's checks. Features heavy-duty steel body construction and sturdy PC-board design. More info at fraudfighter.com or 800.883.8822. (Booth 4064W)



DIGITAL RETAILING

Recent Reynolds & Reynolds acquisition Gubagoo, Boca Raton, Fla., offers Gubagoo Virtual Retailing, which dealers can launch directly from Facebook to reach customers “where they are.” Customers can shop inventory, see monthly payments, complete a credit application and order a vehicle, as well as engage in chats via Facebook Messenger. More info at gubagoo.com or 833.GUBAGOO. (Booth 3933W)



PERSONALIZED MARKETING

AutoAlert, Kansas City, Mo., offers personalized omnichannel marketing, providing dealerships with campaigns that include emails, personalized URLs for each customer, and options for direct mail and social media ads. Its Engagement Studio customer communications solution will help you boost loyalty, expand your customer base and sell more vehicles. More info at autoalert.com or 833.301.9537. (Booth 1239W)



LEAD RESPONSE

Consumer engagement tech company Digital Air Strike, Scottsdale, Ariz., has launched Response Logix 5.0 lead response technology. The solution uses artificial intelligence to build, in real time, prospect-specific micro-websites to respond to leads within minutes, serving up multiple customized vehicle and payment options to the prospect. More info at digitalairstrike.com or 888.820.3577. (Booth 2352W)



Recognizing the Leaders and Best

The business and engineering faculty at the University of Michigan Tauber Institute for Global Operations are proud to help select the 53rd annual TIME Dealer of the Year finalists.

Along with partners TIME, Ally, and NADA, The Tauber Institute applauds the nominees who have demonstrated exceptional performance in their dealerships and a commitment to improving their communities.



Learn more at: tauber.umich.edu

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(Cover 2: inside front cover)
pbssystem.com/NADA2022
866.826.2933
Visit us at NADA Booth #3121W.

Reynolds & Reynolds

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reyrey.com/retailanywhere
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Visit us at NADA Booth #3933W.

Market Scan

(page 25)
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866.658.7226
Visit us at NADA Booth #4941W.

NADA Foundation/CCI

(page 61)
show.nada.org/auction
Attend the auction, Saturday, March 12, 1pm,
at BacklotCars, NADA Booth #3741W.

NADA Grassroots

(page 60)
nada.org/grassroots
Visit us at the NADA Pavilion/Legislative
Affairs (Booth #2101W).

NADA Retirement from Empower

(page 11)
nadasales@empower-retirement.com
Visit us at NADA Booth #2101W.

Tauber Institute for Global Operations

(page 59)
tauber.umich.edu

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THESE LEADERS WILL BE MAKING IMPORTANT DECISIONS THAT
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With the possibility of substantial tax increases and burdensome new dealership regulations, there's never been a more important time to engage with your elected officials.

NADA—THE VOICE OF THE DEALER ON CAPITOL HILL

Car and truck dealers, learn how to protect your interests in Washington, D.C., by visiting nada.org/grassroots or dropping by the NADA Pavilion/Legislative Affairs (booth #2101W) at NADA Show 2022.





Take Charge!

Auction to Benefit NADA Foundation

CANINE COMPANIONS FOR INDEPENDENCE

Saturday | March 12 | 1pm | BacklotCars Booth 3741W | show.nada.org/auction

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LiveWire One | 100% Electric | Horizon White

- Recharge to 100% in 60 minutes
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- Customizable riding modes
- 0-60mph in 3 seconds 100hp 84ft-lb torque
- 4.3-inch Bluetooth infotainment touch screen



**BACKLOT
CARS**

BacklotCars has donated a LiveWire One to NADA Foundation, which will be auctioning it off. No pre-sale qualification required. The LiveWire One will be offered for sale by NADA Foundation "AS IS" in an open environment, onsite at the BacklotCars booth #3741W only. No online or proxy bids will be accepted. Winning bidder must pay any and all applicable fees, taxes and winning bid amount directly to the NADA Foundation. Neither NADA Foundation nor BacklotCars can provide any tax information or guidance. Consult a tax advisor regarding any potential tax deduction benefits relating to a charitable contribution. Transportation of the auction item to the winning bidder is limited to the contiguous U.S. and will be scheduled after payment is received by the NADA Foundation.

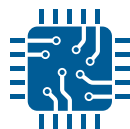
NADA

SHOW | 2023

DALLAS • JANUARY 26-29

BY JOE PHILLIPS

If everything is big in Texas, then NADA Show will fit right in when it heads to Dallas next year—the first time in almost 30 years. Since then, both NADA Show and the Big D have grown quite a lot. Dallas is now the fourth-largest metro area in the U.S., and its convention center—conveniently located in the center of the city—boasts 2 million square feet of space. Attendees can expect the excitement at this year's Show to continue in Dallas, with over 100 workshops, an engaging Expo floor and dynamic keynoters. And, as at Allegiant Stadium in Vegas, there will be a stunning Welcome Reception with gourmet food and top entertainment. Another plus: Like dealers, Dallas exudes a strong entrepreneurial spirit (after all, the frozen margarita machine and the earliest version of the microchip were both invented here). So stay tuned for more details as we gear up for next year's big Show in Dallas.



1958

YEAR THE EARLIEST VERSION
OF THE MICROCHIP WAS
INVENTED, IN DALLAS



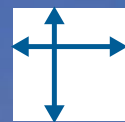
55'

HEIGHT OF THE
"BIG TEX" COWBOY



5,001

APPROXIMATE NUMBER
OF HOTEL ROOMS WITHIN
WALKING DISTANCE



2 million

TOTAL SQ. FT. OF SPACE
AT CONVENTION CENTER





Deep in the heart of Texas. Dallas, now the fourth-largest metro area in the U.S., is within a four-hour flight from most North American airports.

NADASHOW

FUTURE DATES

2023
January 26-29
THURSDAY-SUNDAY
DALLAS



2024
February 2-5
FRIDAY-MONDAY
LAS VEGAS



2025
January 23-26
THURSDAY-SUNDAY
NEW ORLEANS



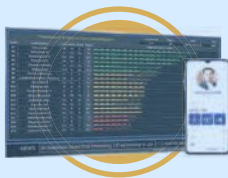
2026
February 5-8
THURSDAY-SUNDAY
LAS VEGAS



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- Commercial Free ddsTV
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- DMS Service Status TV
- ROKU / FireStick / AppleTV



Service Solutions

- Service Menus
- DMS Service
- Status Menus
- Dare To Compare
- DMS Welcome Board
- serviceALERT Texting
- Service Leaderboard



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