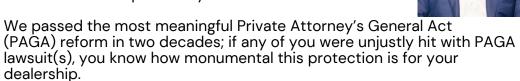


Monthly Bulletin

Chairman's Corner

No More Free Rides: Why Every California Dealer Must Join Us

Let's take a look at what CNCDA has accomplished for our dealers in the past few years.



We've recently secured a pause on CARB's ACC2 mandate (an existential crisis for our industry and all Californians). We're leading the charge on SB 791 to bring fairness to the outdated \$85 Document Processing cap, helping us recover our costs for the daily compliance burden we shoulder for the state.

In 2023, we passed AB 473, a CNCDA-sponsored franchise protection law that gives us real power to stop manufacturer competition. This threat is no longer hypothetical. Staff are actively relying on AB 473 today to block OEMs from launching new sub-brands and attempting to sell directly to consumers, while denying our dealers the same opportunity (think Volkswagen's Scout).

These massive victories ONLY happened because our members believe in, fund, and support CNCDA's mission.

Membership isn't optional. Threats continue to emerge, and the cost of fighting them is escalating. Lawsuits, mandates, and OEM direct sales attempts are real, constant, and expensive. Without a strong, united dealer association, no one at the Capitol, at CARB, or in court is protecting your dealership when it counts.

CNCDA is the only organization fighting for us every, single, day. The proof is crystal clear in these recent victories; when we show up together, we win.

Here's the truth: Some dealers aren't pulling their weight and haven't joined. Others have signed up one store, while their group operates five or more. They benefit from our work, but they're not invested in paying their share. We've reached a point where that's not acceptable.

This is about fairness. It's about respecting the dealers who are all in, who write checks, take calls, and show up when it counts. If we want to keep winning fights like PAGA, ACC2, DPC, and stronger franchise protections, we need every dealer on our team. Continued.

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Here's my ask: If you know a dealer who isn't a member, ask them why. If your group has multiple rooftops but only one is a member, fix it. If you're unsure who's a member, CNCDA staff can get you a list. They can also help you make calls, but they need your help!

If SB 791 passes, this bill ALONE would recover thousands of dollars a year for you in dealership charges (far more than the cost of dues). And if we hadn't paused ACC2, you'd be dealing with a 35% EV mandate right now, with no say. These initiatives are the direct result of our dealers and partners who believe in CNCDA membership.

We need to maintain our momentum. Let's hold each other accountable and ensure that every California franchise dealer knows that CNCDA is only as strong as its members.

Best regards,

Robb Hernandez, Chairman, CNCDA Camino Real Chevrolet

CARB Cracking Down on 7,500 Rule

By: Les Swizer, Legal & Regulatory Affairs Counsel

We've received multiple reports of stepped-up enforcement by the California Air Resources Board (CARB) targeting violations of California's 7,500 Mile Rule — a strict regulation that prohibits the sale, import, or delivery of new vehicles not certified to California emissions standards.

Here's what you need to know:

- A vehicle with less than 7,500 miles is presumed new under the law and must be California-certified to be legally sold or registered in the state.
- CARB enforces this rule using DMV and BAR smog data. Every smog check records mileage and scans the emissions barcode, flagging noncompliant vehicles.
- Penalties can reach \$37,500 per vehicle. Violations can also lead to dealer license discipline, and, in past cases, liability has extended to the dealership and the dealer principal.

High-risk transactions include:

- Out-of-state, low-mileage trade-ins that are not California-certified.
- Courtesy deliveries to California residents from out-of-state dealers.
- Trade-in vehicles should be checked for previously refused registration in California Even if the
 imported vehicle meets the threshold, if an attempt was previously made prior to the 7,500-mile
 mark, it could be subject to a violation.

There are some narrow exceptions, including:

- Transfers due to inheritance, divorce, or out-of-state vehicle replacement (limited to specified circumstances).
- Vehicles brought in by new California residents, if previously registered correctly in their prior home state.

This is a strict liability law. Even an honest mistake can lead to fines or legal consequences. Don't rely on assumptions — run a KSR report, confirm certification status, and have processes in place for out-of-state units.

More guidance is available in <u>Chapter 14</u> of the <u>CNCDA Dealership Operations Guide</u>, available to all CNCDA members on <u>CNCDA Comply</u>. If you have any questions or wish to discuss this topic further, contact the Legal Hotline at 916-441-2599.



Out-Of-State Sale? Be Sure to Document Properly in Case of Audit

By: Les Swizer, Legal & Regulatory Affairs Counsel



In what appears to be an increasingly common trend among California agencies, CNCDA has received reports from dealers that the California Department of Tax and Fee Administration (CDTFA) is cracking down on out-of-state vehicle sales that attempt to avoid California sales tax. Below is a summary of available tax-exempt transactions and a more detailed description of out-of-state sales tax exemption requirements.

Absent a valid exemption, sales tax applies to all vehicles sold in California. These exemptions include rare instances such as sales to U.S. government agencies, certain sales to active-duty military, sales of trucks and trailers used exclusively in interstate or foreign commerce, sales of zero-emission transit buses to qualifying purchasers, wholesale sales for resale (with a valid resale permit), and sales of vehicles for use outside California. While most dealers rarely encounter many of these, out-of-state sales are common and often scrutinized.

Sales for use outside California are exempt from state sales tax, but specific procedures and documentation are required to properly conduct and protect the transaction in case of audit. According to **Publication 34** on the **CDTFA website**, to qualify an out-of-state sale for exemption, dealers must prove the vehicle was delivered to the purchaser outside California and that the purchaser did not take possession in-state.

To protect the dealership in the event of an audit, CDTFA recommends notarizing and retaining documentation such as:

- Evidence of the purchaser's out-of-state address, such as utility bills or property tax bills;
- If delivery is made by a common carrier, customs broker, or forwarding agent, documents supporting the delivery or shipment (e.g., bills of lading);
- If delivery is made by you or your employee:
 - Expense claims including fuel or hotel receipts, and
 - A statement signed by the delivery person and the purchaser certifying delivery outside California.

It is strongly recommended that dealers use the **CDTFA-448**, Statement of Delivery Outside California, to fulfill this requirement.

Suppose the purchaser is a California resident, but the vehicle will be used outside the state. In that case, dealers should obtain a CDTFA-447, Statement Pursuant to Section 6247 of the California Sales and Use Law, certifying the customer's intent. Without this certification, the sale is considered taxable in California.

For questions about whether a vehicle delivered out-of-state still triggers use tax, reference **CDTFA** Publication 52, Vehicles and Vessels: How to Request a Use Tax Clearance for DMV Registration. Additional guidance is available in the CDTFA Tax Guide for Motor Vehicle Dealers and Publication 34.

If you have questions or would like to discuss further, contact CNCDA's Legal Hotline at 916-441-2599.

Be Prepared When I.C.E. Shows

By: Les Swizer, Legal & Regulatory Affairs Counsel



There have been several inquiries to the CNCDA Legal Hotline regarding Immigration and Customs Enforcement (I.C.E.) raids, and what proper procedures are if I.C.E. arrives at your dealership. CNCDA solicited input from John Boggs of Fine, Boggs & Perkins, LLP, dealership employment law specialists, on this topic earlier this year.

You can access that article: What to do When Tom Homan Comes a Knockin' (I.C.E. Enforcement/Raids) in CNCDA's <u>February 2025</u> <u>Bulletin</u>, available to members on <u>CNCDA Comply</u>.

Important Compliance Reminder for Political Donors: Major Donor Form 461

By: Andrea Daugherty, Political Engagement Manager

Did you or your dealership(s) contribute a cumulative total of \$10,000 or more to state or local PACs and/or candidates so far this year? If the answer is yes and if all the contributions are from the same entity (including multiple dealerships with the same parent organization), you MUST file a Major Donor Committee Campaign Statement (Form 461) by July 31, 2025.*



The Fair Political Practices Commission requires companies that made contributions totaling \$10,000 or more to file a Major Donor Committee Campaign Statement (<u>Form 461</u>). Failure to file campaign statements may result in late filing penalties (\$10/day) and fines (up to \$5,000/violation).

For questions or assistance with your filing obligations, please contact Andrea Daugherty, Political Engagement Manager, at adaugherty@cncda.org.

*File only if contributions were made in 2025 and not disclosed on an earlier statement.



CNCDA BUZZWORDS

"Dealers remain cautiously optimistic. Maas said the biggest threats to the car market now are uncertainty, high interest rates, and tariff-related disruptions. Still, he credited NADA and other state associations for helping secure a major legislative win. 'We support EVs,' he said, 'but the transition needs to be market-based, not mandate-driven.'"

- Brian Maas, California EV mandate blocked as Trump signs congressional resolution, dealers applaud victory, CBT News

Paving the Way: How NextGen Can Steer the Future of Advocacy

By: Andrea Daugherty, Political Engagement Manager

As the retail automotive landscape continues to evolve, the importance of advocacy has never been greater. Staying engaged with elected officials isn't just valuable, it's essential. For NextGen dealers stepping into leadership roles, these connections offer a powerful opportunity to help shape the future of the industry. As tomorrow's leaders of both the dealership and the association, building strong relationships now is key to driving meaningful impact in the years ahead.

Below are ways you can focus on relationship building year-round:

Answer the Call: When CNCDA sends out a legislative alert, take a
moment to act. Whether it's sending an email or making a quick call,
your voice matters.



- Attend Dealer Day: Your participation and engagement with Sacramento policymakers at this annual event are critical to the success of your business and California's retail automotive industry.
- **Engage Online:** Follow your elected representatives on social media. Hit that "like" button and interact with their posts to stay visible and supportive.
- **Subscribe to Stay Informed:** Visit your legislator's official website and sign up for their newsletter. It's a great way to stay updated on their work and initiatives.
- Share Your Story: Keep legislators informed about what's happening at your dealership and your involvement in the community. You can find the best contact method on their website.
- Show Support: Contribute politically and attend their fundraising events. Please remember:
 - **Don't** say or imply that the contribution is made in exchange for her support of any legislation, past, present, or future.
 - Don't discuss specific legislation or suggest that someone else will visit to discuss legislation.
- Open Your Doors: Invite your legislators to visit your dealership for a tour.
- **Show Up:** Attend local coffees, town halls, or other events your legislator hosts. The more interactions you have, the stronger the relationship becomes.
- Collaborate: Planning a toy drive or hosting a financial literacy webinar? Contact your legislator's
 office and ask if they'd like to participate. These partnerships go a long way in showing a shared
 commitment to the community.

These are only a few examples of ways to engage. Questions? Please contact Kenton Stanhope, Director of Government Affairs, at kstanhope@cncda.org or Andrea Daugherty, Political Advocacy Manager, at adaugherty@cncda.org.

What? Another doctor's note? Will this ever end? How long do I have to wait to end this?

By: HR Hotlink and Fine, Boggs, & Perkins, LLP

In today's workplace, this scenario is all too common: an employee is out due to illness or injury and provides a doctor's note excusing them for a few days or more. When the return date arrives, another doctor's note is submitted. Then another. And another. Sound familiar? As employment counsel to CNCDA, we hear this daily from dealer clients. So, what should you do?



If an employee is out for more than five days and has worked at least 12 months total (even in separate stints) and at least 1,250

hours in the past rolling 12 months, you should immediately designate the leave as FMLA and/or CFRA. Failure to do so promptly could result in losing the right to deny the leave later. Be sure to mark the "preliminary designation" box and the box requiring the employee to return a Certification of Health Care Provider within at least 15 days. This protects the employer and allows for retroactive denial if the employee is unqualified or fails to return the form.

If the initial leave period expires (as stated in the certification), request a new Certification to support the continued absence. While FMLA/CFRA leave is still available, requesting updated Certifications is often the only option for employers. Eligible employees are entitled to 84 days of protected leave within a rolling 12-month period, with no undue hardship exceptions.

Once FMLA/CFRA leave is exhausted, the next question is often: can we terminate employment? The answer is usually no—or at least, not without further steps. That's because an employee who no longer qualifies under FMLA/CFRA may still meet the broad legal definition of an "individual with a disability." So, if another doctor's note extends the absence, you must shift your focus to reasonable accommodation.

Many managers understand the need to accommodate disabilities, but far fewer fully grasp the importance of the "interactive process," which is central to evaluating accommodation requests. In fact, failure to engage in this good-faith process is one of the most frequently alleged violations in disability discrimination claims.

The decision to approve or deny an accommodation—including unpaid leave—requires discussion with the employee about their limitations, job duties, and potential accommodations. This is the interactive process. Employers may violate the law by either (1) failing to engage in the process or (2) denying a reasonable accommodation. Both are separate violations. Employers must accommodate unless doing so causes undue hardship. Not all employee–suggested accommodations must be accepted.

Examples of reasonable accommodations include modified work schedules, job restructuring, reassignment to a vacant role, or accessibility adjustments. A common request today is for unpaid leave—even without FMLA/CFRA or workers' comp. Whether such leave is "reasonable" must be evaluated case by case; there's no fixed list of what qualifies.

Employers must initiate the interactive process not only when an employee requests it, but also when the employer has reason to believe an accommodation may be needed. No specific words or forms are required. Employees don't need to disclose diagnoses. The focus must remain on what the employee can do. Employers should avoid questions that might reveal protected health information but may request documentation verifying the existence of a disability and the need for accommodation. *Continued.*

Another doctor's note? Will this ever end? (cont'd.)

Employers are not required to promote employees, create new positions, or approve indefinite leave. Another consideration is whether and how to contact employees on leave. There is no rule prohibiting contact, but communication should be limited and work-related. Reaching out to clarify return-to-work plans, medical certifications, or job-related logistics is acceptable if not overly burdensome. Brief questions such as "Where's the Johnson file?" or "Where might your timecard be?" are generally fine.

However, assigning new work or contacting an employee too frequently can interfere with recovery and trigger claims of FMLA/CFRA interference. Courts generally allow incidental outreach—such as for passwords or administrative follow-up—but if the communication becomes time-consuming, it can cross the line. Use caution if more contact becomes necessary.

Also note: California no longer treats brief interruptions of off-duty time as "de minimis" under wage laws. If communication during leave becomes predictable or recurring, it may be viewed as compensable time or a violation of protected leave laws.

Set expectations before the employee goes out on leave. Advance planning clarifies how and when contact may occur. Some employees welcome occasional check-ins, while others prefer no communication at all. Clear guidelines reduce the risk of turning unpaid leave into paid working time. Ultimately, whether an accommodation is reasonable or creates an undue burden depends on individualized facts. CNCDA's outside legal counsel at Fine, Boggs & Perkins LLP strongly advises against denying accommodations or extended leave without first consulting experienced employment law counsel. The legal risks are significant and easy to overlook.

Should you have questions, please contact Fine, Boggs & Perkins LLP at <u>jboggs@employerlawyers.com</u> or other qualified employment legal counsel for guidance.

"What's Your Why?" Share the Heart Behind What YOU Do

By: Kim McPhaul, CNCDA Foundation President

Every great technician has a story, and we want to hear it! Join the CNCDA Foundation in the "What's Your Why?" campaign aimed at California youth, by spotlighting the amazing service professionals at your dealership. Ask them, "What's Your Why?" and capture their passion in a short, creative video!

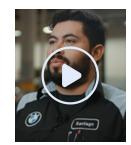


Whether it's a love for cars, helping people, or building a better financial future, let their voices shine. This is your chance to highlight the hard work, heart, and hustle of your team members.

CLICK HERE FOR AN EXAMPLE.

Send us YOUR video to share and INSPIRE CALIFORNIA YOUTH:

- Keep it short 45 seconds or less.
- Keep it easy Use your cell phone in Portrait mode.
- Keep it natural Their service bay makes a great backdrop for this real-life video.
- Ask your employee "What's Your Why?" and encourage them to Be creative. Be real. Be proud.
- Email the video to Foundation@cncda.org. Let's tag you. Please share your social media handles.
- Don't forget to follow us on Instagram or TikTok: @cncda_foundation to see what others are sharing.



\$1.55 Million CCPA Settlement - Largest to Date: Focus on **Inadequate Cookie Banners**

By: ComplyAuto



On July 1, 2025, California Attorney General Rob Bonta announced the largest settlement to date under the California Consumer Privacy Act (CCPA), resolving People of the State of California v. Healthline Media, LLC (Case No. CGC-25-626794).

This action targeted alleged failures in website opt-out mechanisms, vendor contractual compliance, and sharing sensitive information with third-party marketing companies. It sets precedents for consumer privacy rights in cross-context behavioral advertising and signals increased scrutiny across retail sectors, especially for automobile dealers.

Background and Factual Allegations

Healthline.com, with ~6.5 million California visitors monthly, was investigated in 2023. Despite a "Do Not Sell or Share My Personal Information" link, Global Privacy Control support, and a cookie consent banner, roughly 65,000 Californians who opted out continued to have their personal information shared with advertising networks. Investigation revealed that after a "triple opt-out," 118 third-party advertising cookies remained, transmitting data to dozens of companies.

Cookie Consent Banner Deception

Healthline's banner allowed users to uncheck "Targeting / Advertising cookies," claiming these cookies gather information...to improve your experience and provide you with more relevant content and advertising." Yet, even when unchecked, tracking continued—allegedly deceptive under UCL/BPC §17200. This represents a shift: cookie-banner failures or deceptive claims can now trigger both privacy and consumer protection enforcement.

Settlement and Final Judgment

On July 1, 2025, Healthline agreed to pay \$1.55 million to the California AG's Office. The settlement includes a permanent injunction and mandates a comprehensive CCPA compliance program. Healthline must conduct annual assessments for three years, monitor opt-out mechanisms, report testing and remediation efforts, and regularly review third-party contracts for CCPA protections.

Bottom line for dealers: You must comply with explicit CCPA requirements—consumer requests, opt-outs, vendor contracts—and ensure your cookie banner functions as intended.

If you're working with ComplyAuto, you get full compliance: consumer privacy requests, online opt-outs, vendor contract management AND a functioning cookie banner.

If you are a California dealer and are not already working with ComplyAuto, please reach out today. We handle it all for you - from consumer privacy requests, to online opt-outs, vendor contract management AND a functioning cookie banner. We take the complex and make it simple for you. Contact ComplyAuto today.

NextGen Retreat-LAST CALL!

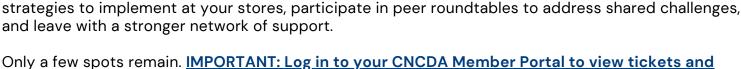
By: Autumn Heacox, Director of Communications & Marketing

CNCDA's 2025 NextGen Retreat is an exclusive two-day event in San Diego where California's future dealer leaders gather to learn and grow.

The retreat includes one night hotel stay, meals, and offers high-value content tailored to rising dealership successors, all for \$199.

Whether you're part of a family-owned operation or working your way toward leadership, you'll hear from expert speakers, gain practical

and leave with a stronger network of support.



Concours d'Elegance with Dave Cantin Group and CNCDA

By: Rebecca Matulich, Director of Strategic Partnerships

register today or email Autumn Heacox to join us!



The California New Car Dealers Association (CNCDA) is proud to partner with Dave Cantin Group (DCG), CNCDA's preferred M&A advisory partner, to co-host a hospitality space on Sunday, August 17 at this year's Pebble Beach Concours d'Elegance.

Since 1950, Pebble Beach has been home to the world's most prestigious car show, an unmatched tradition of automotive excellence that draws industry leaders, collectors, and enthusiasts from around the globe.

Together with DCG, we welcome you to relax, recharge, and enjoy food and drinks in our hospitality space.

Planning to stop by? Let us know with a quick click here. We look forward to seeing you and celebrating the past, present, and future of automotive excellence.

CNCDA + Digital Dealer Partnership

By: Rebecca Matulich, Director of Strategic Partnerships

CNCDA members can now attend the 2025 Digital Dealer Conference & Expo in Las Vegas for just \$500—nearly 50% off the Early Bird rate. Use code CNCDA at checkout to unlock this Dealership/OEM Full Conference & Expo Pass.

Held October 14–15 at Mandalay Bay, #DDCE2025 brings together dealership and OEM leaders from across the country for two days of targeted education, networking, and innovation. The event features TED-style sessions, hands-on workshops, a streamlined expo hall, DealerTech Live Stage, and new Solutions Showcase with rapid-fire vendor pitches.



Join CNCDA staff and our dealers this October in Las Vegas and take advantage of this exclusive CNCDA offer; click here to register today!



Accelerate Your Dealership with CNCDA's Partner Powered Events

By: Rebecca Matulich, Director of Strategic Partnerships

Join events hosted by our trusted, licensed vendor partners, designed to help you elevate your business. These sessions provide valuable insights, networking opportunities, proven strategies, and industry-specific expertise to drive growth, increase profitability, and stay ahead of the competition. Whether you're looking to enhance your sales, streamline operations, or discover new revenue opportunities, expert speakers will equip you with the knowledge and tools to succeed. Don't miss the opportunity to join the best—register today and take your dealership to the next level!

Bronco in The Showroom!

By: McKenna Bediamol, Administrative Coordinator

Thank you to Downtown Ford of Sacramento for lending us a 2025 Ford Bronco! It's fully loaded and ready to take on any summer activity you've got planned, and we get to have it for the month! Check out the car AND our offices at 1517 L. St. in Sacramento.

Planning an event? We've got the space, and your vehicle could be the perfect backdrop. With a flexible layout, FREE WiFi, all-new high-def video wall, and more, The Showroom has everything you need for your next meeting, fundraiser, or reception.

To display your vehicle or host your next meeting, fundraiser, or reception, contact Cathy Mason, Director of Operations, at **(916) 441–2599 ext. 115** or cmason@cncda.org.





Sharing Good News

By: McKenna Bediamol, Administrative Coordinator

CNCDA collects and shares our dealers' good news on both our website and across our social media channels. These stories include hosting donation drives, supporting local schools, or sending dealership teams to volunteer with local organizations.

We want to demonstrate how our members are more than just car dealers; they are community stewards. Please look at our monthly **Sharing Good News Pages.** Your dealership may just be one of our featured members!

To share YOUR good news, reach out to McKenna Bediamol at mbediamol@cncda.org.







WEBINARS:



IN-PERSON EVENTS:



NextGen Retreat

August 6 - 7
Pendry Hotel
San Diego, CA
CLICK HERE. Registration closes July 15!



2025 Annual Convention
September 21 - 24, 2025
The Four Seasons Hualalai, Hawai'i
Register HERE!
Space is limited; this will sell out!







THANK YOU 2025 SPONSORS



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Thank you for reading!

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www.cncdafoundation.org	Sacramento, CA 95814