



Monthly Bulletin

CHAIRPERSON'S CORNER: DON'T MISS CNCDA'S FRANCHISE LAW MANUAL AND WEBINAR

Last year, CNCDA staff and leadership worked diligently alongside dealer members from across the state to pass AB 179, legislation that addressed long overdue improvements to California's motor vehicle franchise laws. AB 179 went into effect on January 1, 2020, and with this came significant improvements to California's motor vehicle franchise laws while ensuring the continued protection to the California franchise system, California new car buyers and local businesses.

I cannot underscore enough that the updates in these laws are of critical importance to every dealer in California to understand. To assist dealers in further understanding your franchise rights and to continue protecting the franchise system, CNCDA will have developed a 2020 Franchise Law Manual that provides a comprehensive overview of California's various laws, which regulate manufacturer-dealer relationships. While the manual is thorough, key topics covered include:

- Warranty reimbursement under AB 179;
- Investment protections/buy-sells;
- Facilities and operations;
- Manufacturer claims and audits; and
- Dealer protests and strategies at the New Motor Vehicle Board.

This new resource, developed in collaboration with the Manning Leaver Law Firm, will be distributed to all dealerships mid-June.

Additionally, CNCDA will be holding a [webinar](#) with the [Manning Leaver Law Firm](#), [Armatus Dealer Uplift](#) and [Attorney Gavin Hughes](#) dedicated to the release of the 2020 Franchise Law Manual. Taking place June 25th from 10:00 am – 11:30 am, this webinar is specifically designed for California franchised new car dealers.

Learn how AB 179, that went into effect on January 1, 2020, improves California's franchise laws, while continuing to protect the California franchise system, California new car buyers and local businesses. Key components of the webinar include:

- Receiving fair compensation for warranty and recall work;
- Investment protections/buy-sells;

- Facilities and operations;
- Manufacturer claims and audits;
- Dealer protests and strategies at the New Motor Vehicle Board; and
- Trending issues involving dealer/manufacturer relations.

During this webinar, attendees will receive practical advice on how to exercise their rights under the new franchise laws. Webinar attendees will also receive an electronic copy of the 2020 Franchise Law Manual. All CNCDA Dealer Principal Members will be mailed a hard copy of the 2020 Franchise Law Manual prior to the webinar.

You will not want to miss this informative webinar, click [here](#) to register!

DMV INVESTIGATION FINDS THAT CARE BY VOLVO VIOLATES CALIFORNIA LAW

Written by: Anthony Bento, Director of Legal Affairs

In early 2019, CNCDA filed a petition at the California New Motor Vehicle Board (NMVB) on the Care by Volvo program (CbV). Volvo promotes CbV as a vehicle “subscription” program, but CbV involves a two-year lease with insurance, maintenance, and other products included in the monthly price of the vehicle.

In our petition, we claim that Volvo uses CbV to illegally compete with its dealers. Through CbV, Volvo offers the same vehicles to customers and undercuts dealers on pricing. Our petition also alleges CbV violates various other California franchise laws, such as restrictions on vehicle allocation and franchise modification.

In August 2019, the NMVB found that our claims against CbV were warranted, and it ordered the DMV to investigate.

In April 2020, the DMV issued its investigative report, which found three violations of California law. First, the DMV agreed that Volvo was using CbV to illegally compete with dealers. Second, the DMV found that Volvo’s implementation of the program constituted an illegal franchise modification. Third, the DMV found that Volvo illegally discriminated against dealerships that did not participate in CbV.

You can access the DMV’s report on the NMVB website by clicking [here](#).

Unfortunately, despite the DMV’s findings, Volvo continues to operate CbV in California. As such, CNCDA is actively exploring options to pressure Volvo to discontinue its illegal activity.

If you have questions or comments on this issue, do not hesitate to contact Anthony Bento, Director of Legal Affairs, at 916-441-2599 x112.

AG ISSUES FINAL CCPA REGULATIONS; BEGINS ENFORCEMENT IN JULY

Written by: Anthony Bento, Director of Legal Affairs

On June 1, the Office of the California Attorney General (AG) submitted final proposed regulations for the California Consumer Privacy Act (CCPA). The final regulations mirror the content of the draft regulations issued in March 2020.

CNCDA is currently in the process of updating our CCPA compliance materials, which adhere to the October 2019 draft regulations. We expect to issue revised compliance materials, including a Third Edition of our CCPA Compliance Handbook, this summer.

Unfortunately, despite the tremendous upheaval caused by the COVID-19 shutdowns, the AG refused to delay the July 1, 2020 start date for CCPA enforcement. That being said, the AG has stated that it has limited capacity to bring CCPA enforcement actions and it will exercise prosecutorial discretion in choosing which actors it targets in such actions. As such, we believe it is very unlikely that the AG will bring enforcement actions against dealerships for issues involving minor noncompliance with the law.

Moving forward, California dealers should devote resources to ensure that their dealership is CCPA compliant. Obviously, compliance with the statewide and local COVID-19 health orders, as well as related employment issues, continue to be of paramount importance. However, the CCPA (and privacy issues generally) are not going away. Expect increased enforcement in the coming months and years.

Finally, although the AG issued final proposed regulations, privacy law is still in flux. The proponents of the CCPA may place a measure on the November 2020 ballot that would further strengthen California's privacy laws. It also remains to be seen how the legislature will resolve employee privacy issues (the legislature suspended the CCPA in most employment circumstances, but this expires in January 2021). It is highly likely that you will hear more about new privacy laws in the coming years.

COVID-19 RESOURCES

Written by: Jenny Dudikoff, Director of Public Affairs and Marketing

While CNCDA has been heavily focused on providing compliance guidance and support specific to COVID-19, our efforts have also included the development of a [Dealership Coronavirus Resources Page](#) on our website. This valuable page houses the most up to date information and numerous resources that CNCDA members can rely on in real time to help guide you through the crisis.

As conditions continue to evolve, CNCDA will continue with our Coronavirus emails and regular updates but please be sure to visit the Resources Page for exclusive member access to all materials to keep you in compliance. Resources include:

1. [COVID-19 Member Toolkit](#)
2. [Coronavirus Webinars](#)
3. [Dealership FAQs](#)
4. [Coronavirus Documents](#) (including sample forms, checklists and notices)

CNCDA staff and leadership continue to extend our thoughts to you, your employees and your families to stay safe and healthy during this time. We look forward to continuing to serve you both now and in the weeks and months ahead to foster the critical rebound in California's automotive retail industry.

LEGISLATIVE UPDATE

Written by: Brian Maas, President

While dealers have been addressing a global pandemic and civil unrest these last several weeks, the Legislature in Sacramento has continued to consider bills impacting dealers. At the request of legislative leadership, we withdrew from consideration in 2020 the three bills CNCDA was sponsoring this year. But there are still dozens of bills we are tracking on topics ranging from privacy to workers compensation to the state budget, among many others. I wanted to highlight a few of these measures and what CNCDA is doing to stop them.

- SB 1445 (Allen) – This bill would have authorized one company, “Canoo,” to operate under a special license category at DMV as an electric mobility manufacturer. We argued the bill was unnecessary and fortunately the measure was held in the Senate Transportation Committee and is dead for this year.
- SB 939 (Wiener) – This bill would allow commercial tenants to delay lease payments for indeterminate period of time, and in some cases, get out of their leases altogether. CalChamber named this bill a “job killer.” CNCDA is part of large coalition opposing the measure and signed on to a coalition letter, click [here](#) to view the letter.
- AB 2501 (Limon) – This measure would allow consumers with vehicle loans to delay payments for as long as a year by merely claiming that the COVID-19 crisis impacted them in some vague way. We have joined the automakers and vehicle lenders in strong opposition and have been lobbying the bill extensively. The bill has been labeled a “job killer” and is likely to be heard on the Assembly floor later this month. Our coalition opposition letter can be found [here](#).

We continue to work on your behalf to defeat these measures and will likely be reaching out to dealers on these and other bills for your help in contacting legislators in the next few weeks. If you have any questions, please contact Association President Brian Maas at bmaas@cncda.org.

CNCDA COMMENTS ON PROPOSED DMV REGULATION ON ELECTRONIC RECORDS RETENTION

Written by: Anthony Bento, Director of Legal Affairs

Over the past few years, CNCDA has frequently met with leadership at the DMV to discuss issues impacting our industry. In these meetings, we’ve encouraged the DMV to modernize rules and regulations to reflect modern business practices.

One regulation that requires modernization is the DMV’s outdated requirement that dealers physically retain documents related to vehicle sale and lease transactions for 18 months at the dealership that retailed the vehicle. ([13 CCR 272.02](#).) On several occasions, we’ve asked the DMV to entirely eliminate the physical retention requirement, and instead allow dealers to immediately retain such documents electronically. Two decades into the 21st Century, physical retention requirements are outmoded, wasteful, and inefficient.

Earlier this year, the DMV began a rulemaking process that proposed to reduce the physical retention period for such documents from 18 months to 90 days. While this is certainly an improvement, we

believe that the DMV should simply end its physical document retention requirement and allow dealerships to retain such documents electronically. As such, CNCDA submitted a comment letter asking that the DMV modify its proposed rule to immediately allow dealerships to electronically retain documents. You can download a copy of CNCDA's comment letter by clicking [here](#).

CNCDA expects the DMV will issue revised or final regulations on this topic in the coming months.

ALISA REINHARDT WELCOMES BABY BOY

Alisa Reinhardt, CNCDA's Director of Regulatory Affairs, welcomed a healthy and happy baby boy, Leo, into this world on March 27th. Alisa has been enjoying her time off with her family and is looking forward to returning to work next month. Click [here](#) to see how adorable little Leo is.

CALIFORNIA'S 2020 NEW VEHICLE MARKET WAS OFF TO A GOOD START, UNTIL COVID-19 HIT

Written by: Jenny Dudikoff, Director of Public Affairs and Marketing

Early this year, California new vehicle sales were off to a solid start, then COVID-19 hit, and the industry took a downward turn overnight, like many other retail industries across the nation. While 2020 new vehicle sales were projected to slightly dip from 2019 and reach about 1.82 million, no one could have expected where the industry finds itself now. According to the California Auto Outlook First Quarter 2020, anticipated new vehicle sales for 2020 will only reach 1.54 million, a 26 percent decline from 2019.

Click [here](#) to read the full Auto Outlook: 2020 Q1 Report and click [here](#) to read the press release.

REMEMBERING B. EDWARD FITZPATRICK

CNCDA is deeply saddened to have learned of the passing of Ed Fitzpatrick, a fellow dealer and former CNCDA Chairman. Ed Fitzpatrick served the dealer community in a number of capacities including:

- Former Chairman of CNCDA
- Toyota Lexus Minority Dealer Association President
- Former Chairman and Board Member of NAMAD
- President of the Chrysler Minority Dealers Association

Ed was also the recipient the NAMAD Lifetime Achievement Award and AIADA 's David F. Mungenast Sr. Lifetime Achievement Award.

Ed will be greatly missed by all. CNCDA staff and leadership sends our sincere condolences to Ed's family and friends during this time.

In lieu of flowers, the family asks that you thoughtfully consider making a memorial donation to support athletic scholarships at Stanislaus State or to the Building Improvement Fund at New Zion Baptist Church in Wiggins, Mississippi.

The online link for Stanislaus State is:

<https://bit.ly/AthleticsScholarships> or donations may be mailed to:

California State University Stanislaus,
Division of University Advancement,
One University Circle MSR 300, Turlock, CA 95382

Memorial gifts to:

New Zion Baptist Church may be made online at <https://newzionofwiggins.org/>

JULY 1ST TAX RATE INCREASES

As of July 1st, there will be tax rate increases imposed on a variety of California cities and counties. Please click [here](#) for more information and to view the impacted jurisdictions.

CORONAVIRUS LAWS AND YOUR DEALERSHIP: PART IV

Save your seat for a 90-minute webinar taking place on Tuesday, June 16th at 2:00 pm, discussing legal issues impacting your dealership in the COVID-19 era with John Boggs of Fine, Boggs, and Perkins LLP, Brian Maas, CNCDA President, and Anthony Bento, CNCDA Director of Legal Affairs. Learn about changes the Paycheck Protection Program, updates to health orders including social distancing protocols, updates on orders regarding vehicle sales, and employment issues including sick employees, leave and unemployment.

Click [here](#) to register now!

REIMAGINING THE SALES FUNNEL: BEST PRACTICES FOR MANAGING YOUR INVENTORY DURING THE CRISIS

Join ACV Auctions for an informative webinar on best practices for managing your inventory during the COVID-19 crisis!

Connect with Kraig Quisenberry and Stu Zalud from ACV Auctions on Thursday, June 18th at 10:00 am to learn how to build a more efficient vehicle inventory strategy with a new and digital solution. Attendees will learn how to analyze their current process and the time it takes to buy or sell a vehicle. In this new era of uncertainty, time is money and moving a vehicle adds cost and possible exposure to

June 2020

other expenses. Learn how to leverage your current operations to integrate a more efficient way with almost no time or effort from dealership personnel.

Click [here](#) to register now to learn more about the advantages digital solutions provide to dealerships!

FRANCHISE LAW MANUAL WEBINAR

Know Your Franchise Rights. Protect the Franchise System.

CNCDA is excited to partner with the Manning Leaver Law Firm, Armatus Dealer Uplift and Attorney Gavin Hughes on a webinar dedicated to CNCDA's release of the 2020 Franchise Law Manual. Taking place June 25th from 10:00 am – 11:30 am, this webinar is specifically designed for California franchised new car dealers.

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THANK YOU TO CNCDA'S 2020 SPONSORS!

Thank you for investing in CNCDA and the franchise new car system in California. We could not accomplish our goals during this unprecedented time without the continued support, involvement, and enthusiasm of our committed sponsors.

Click [here](#) to visit our outstanding sponsors!