Monthly Bulletin

Chairman's Corner

As we approach year-end, I hope business remains strong at your dealerships. At the same time, CNCDA is already ramping up for 2026. This upcoming legislative season will be packed with major issues and elections that will demand our attention.



First, thank you to our current members. Your support keeps this organization strong. Membership renewal season is here. If all rooftops in your organization haven't renewed their CNCDA membership, now is the time, so we can continue to build the alliance we need to protect our interests.

This month, our Legislative Committee meets to set priorities for 2026. If you have specific concerns you'd like us to address, such as regulation, franchise laws, OEM competition, or workforce issues, please reach out to our team. Member input now means you'll have influence next year.

2026 brings the Governor's race in California. The newly elected Governor will be very influential in determining what lies ahead for our dealers. Depending on the winner, the tone in Sacramento and the rest of the state could shift dramatically, which could be beneficial for our dealers or pose new challenges. We'll be watching closely and communicating with you all when it may be time to act!

On the compliance front, we're turning our full attention to **the upcoming** California CARS Act dealer compliance obligations. We will provide comprehensive resources to help you navigate the rules from white papers to webinars and more, so you're prepared when the rules take effect next October. Register for our 2025 New Laws Seminars to get started.

Finally, our annual NADA Show <u>CNCDA Welcome Party</u> will be held on February 4, 2026, at the Wynn Las Vegas. Please RSVP today!

Thank you for your membership, your engagement, and your dedication. When we stand together, both engaged and aligned, there's no challenge we can't meet.

Robb Hernandez, Chairman, CNCDA Camino Real Chevrolet

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ZEV Incentive Update - Tax Credits, HOV Stickers, and More

By: Anthony Bento, Chief Legal Officer

As of October 2025, all broadly applicable light-duty zero emission vehicle (ZEV) incentives have expired. The federal EV tax credit expired on September 30, 2025, and middle and upper-middle-income state programs like the Clean Vehicle Rebate Project (CVRP) and Clean Fuel Reward are no longer funded.

The high-occupancy vehicle (HOV) clean air vehicle access program also ended on September 30, 2025. This program



provided temporary access to HOV lanes for qualifying clean air vehicles and has historically been a significant incentive to encourage drivers to purchase hybrid (and later electric) vehicles. Reauthorization of this program requires federal approval, which appears unlikely in the near term.

Although there are no longer ZEV incentive programs that are broadly applicable to consumers throughout California, more limited ZEV incentive programs still exist.

The largest remaining California ZEV incentive programs are the <u>Driving Clean Assistance Program</u> (DCAP) and <u>Clean Cars 4 All</u>. These programs are designed for economically disadvantaged Californians and include specific income eligibility criteria. Also, many local utilities offer incentive programs that can include reduced cost charging, free EV chargers, and money. Interested dealers are encouraged to visit program websites.

CNCDA also maintains a <u>public EV resources page on our website</u>, which dealers are encouraged to visit. On that page, many state and local programs are listed.

CDTFA Updates Publication 25: Auto Repair Garages and Service Stations

By: Les Swizer, Legal & Regulatory Affairs Counsel

The California Department of Fee and Tax Administration (CDTFA) updated its Publication 25 in October. Publication 25 is a tax guide for Automotive Repair Dealers explaining how California Sales and Use Tax Law and other related taxes and fees apply to them. The October revision consolidates and clarifies several sales—tax and fee rules that directly affect new-vehicle dealers who operate service centers. Key takeaways include:

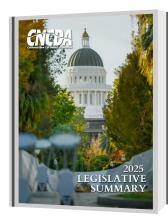


- Tighter emphasis on fabrication/installation on new vehicles
 - Labor to install parts or accessories on a new vehicle is treated as fabrication labor and is taxable when the work is contracted within 60 days of the DMV registration date – e.g., utility boxes, towing packages, conversions, etc.
 - Dealers selling add-ons or performing upfits through their service centers must treat those charges as taxable unless a bona-fide resale or government sale exception applies.
- Clearer guidance on warranty-related charges and bids
 - Parts supplied under warranty, repair estimates, and mandatory warranty contracts can affect the taxable base.
 - Dealers must ensure invoices and estimates separately state parts vs. labor and keep estimate documentation to support tax treatment. (cont.)

CDTFA Updates Publication 25: Auto Repair Garages and Service Stations (cont.)

- Refreshed direction on lead-acid battery fees and refundable deposits
 - The revision restates dealer obligations when selling replacement lead-acid batteries: collect and separately state the California battery fee and the refundable deposit (the deposit itself is taxable), register/filing requirements for the battery fee account, refund rules, and OEM fee allocation rules.
 - Dealers with parts departments must verify point-of-sale procedures and accounting entries to ensure proper fee collection and remittance.
- Explicit treatment of fuel pricing and environmental compliance costs that can affect the taxable selling price.
 - The revision emphasizes that environmental compliance costs are part of the taxable sales price when passed on to consumers. Dealers operating demo/refill programs or selling fuel at fuel islands should ensure they evaluate their procedures for compliance.

This list is not exhaustive. Dealers with service centers and/or parts counters should consult the revised Publication 25 and a competent tax professional to ensure compliance under the revision. As always, dealers can reach out to the CNCDA Legal Team at 916-441-2599 or legalhotline@cncda.org.



2025 Legislative Summary Now Available

By: CNCDA Staff

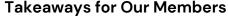
CNCDA is excited to offer our members our <u>2025 Legislative Summary</u> available for download HERE.

Additionally, CNCDA staff is coming to a city near YOU for our 2025 New Laws Seminars. There, we will discuss the NEW California CARS Act compliance requirements, guide you through the 2025 Legislative Summary, and answer your questions. Attendees will also receive a hard copy of the guide. Don't fall behind, register today!

Highlights from the 2025 CalChamber Public Affairs Conference

By: Autumn Heacox, Director of Communicatons & Marketing

CNCDA was once again proud to sponsor and join business and policy leaders last month at the California Chamber of Commerce Public Affairs Conference. This event focused on the political and regulatory issues shaping California's business climate as we head into 2026.



A major takeaway: the most influential and successful private organizations are those that are willing to play big. Speakers



representing Uber, AirBNB, and the Governor's former Chief of Staff emphasized in order to move the needle in Sacramento, we cannot afford to sit on the sidelines. Being bold and taking decisive action will be the only way to protect our industry, ensuring the success of franchised dealers in the state.

California's dealers MUST remain engaged. As legislative and regulatory conversations evolve, our members play a crucial role in ensuring that policymakers understand the impact of proposed regulations on local businesses and jobs. CNCDA will continue to lead these conversations and ensure California's new car dealers are both informed and have a powerful seat at the table.

BAR Advisory Group Quarterly Meeting

By: Les Swizer, Legal & Regulatory Affairs Counsel



The California Bureau of Automotive Repair held its quarterly **Advisory Group Meeting** on October 23, 2025. Main items and takeaways are below.

BAR staff gave an **update** on legislation affecting the industry, highlighting several bills, including:

- AB 987 expands the list of fees that are "presumptively unreasonable" for storage or towing, including on state holidays or when directed by law enforcement in emergencies.
- SB 774 extends the sunset date of the statute preventing disclosures of certain citations on BAR's website if the repair dealer has done remedial training. The new date is January 1, 2028.
- SB 861 cleans up cross-references in the Business & Professions Code, updating licensing provisions.
- AB 1368 and SB 712 were noted as having died in committee, and SB 615 regarding traction batteries is now a two-year bill.

Staff also discussed the implementation of **new** regulations.

New regulations on <u>mobile repair, referral</u> <u>services, and online advertising</u> took effect on October 1, 2025.

Some key elements of the rules include:

- Mobile repair dealers must provide a physical address for where repairs are done if there is no fixed shop.
- A fixed (brick and mortar i.e., dealership) repair shop offering mobile repair can only operate mobile repairs within 50 miles of the shop location. This is especially important for dealers with multiple locations, as each location is considered a separate shop for purposes of the regulation. This means the dealer's rooftop billing for mobile repair services must be within 50 miles of the location where the repair is taking place.
- The advisory group raised several industryrelated questions about advertising, which were acknowledged by BAR staff and leadership. It indicated that BAR will issue clarifications, including examples, FAQs, best practices, etc.

Staff gave a <u>presentation</u> highlighting the successes and pitfalls of the Vehicle Safety Systems Inspection Program (VSSI), noting the failure rate at about 16%, citing open safety recalls, lighting system issues, brake problems, illuminated safety restraint or TPMS warnings, cracked windshields, or worn tires as common reasons for failure.

<u>Enforcement</u> & <u>Licensing</u> statistics were also handed out.

CNCDA will continue to monitor BAR and participate in the Advisory Group to keep dealers updated on the latest changes affecting service drives. Please do not hesitate to reach out if you have any questions or wish to discuss. Contact our Legal Team at 916-441-2599 or legalhotline@cncda.org.



CNCDA BUZZWORDS

"'Ideally it would be great if the program could continue.... but it can't go on forever,' said Brian Maas, the association's president. 'It made sense when the carpool lanes weren't crowded to also include EVs. But we're at a place now where 20% of the California market is EVs. So the incentive, frankly, is much less than it used to be.'"

- "Driving alone in an EV in the carpool lane? Your sticker is about to expire — maybe for good,"

San Diego Union Tribune, 10/06/25

Counterfeit Airbags: Renewed Warning for California Dealers

By: Les Swizer, Legal and Regulatory Affairs Counsel



At the October 23, 2025, BAR Advisory Group meeting, the Automotive Anti-Counterfeiting Council (A2C2), whose members include Ford, GM, Toyota, and other major OEMs, warned that counterfeit airbags are an escalating threat to consumer safety and dealer liability. The presentation, "The Hidden Dangers of Counterfeit Airbags," outlined recent crash data, laboratory findings, and state enforcement efforts.

Scope and Risk

The presentation revealed that at least eight confirmed U.S. crashes since 2023 involved counterfeit airbags, resulting in five fatalities and three serious injuries. Every case involved vehicles that received a replacement airbag. Six of the eight instances involved counterfeit units that ruptured during deployment, sending shrapnel and debris into the vehicle cabin. Four of the vehicles were identified as former rental fleet units. According to the presentation, CARFAX estimates there are over 56,000 vehicles in California potentially on the road with counterfeit or substandard airbag modules.

Technical Findings

A2C2 conducted lab testing on counterfeit airbags and genuine airbags, and the results are stunning. Time and time again, counterfeit airbags:

- Under-inflate or fail to deploy fully, leaving the driver unprotected
- Contain single-stage inflators disguised as dual-stage, lacking critical safety welds
- Exhibit ruptured housings and torn nylon cushions with burn marks or holes
- Generate dangerous projectiles from steeringwheel covers or inflator fragments during deployment

OEM experts and federal agencies confirmed these defects visually in multiple crash-test analyses conducted by OEM partners and federal agencies.

Why Diligence is Key

While there are no legitimate aftermarket airbag parts, the market is flooded with online part resellers and third-party repair intermediaries that sell these parts. Dealers should note that any non-OEM source for airbags carries a high probability of counterfeiting.

A2C2 left the group with a reminder that counterfeiting does not just apply to airbags, but that every part can be counterfeited, and the counterfeits are often difficult to distinguish at a quick glance.

Nearly 40 U.S. states have criminalized the sale or installation of counterfeit airbags, and California's Vehicle Code and Penal Code provisions apply similarly. Multiple federal agencies issued public alerts in 2024–2025 on the growing trade of foreign-manufactured, substandard airbag inflators. Failure to identify a counterfeit airbag before resale or service delivery could expose dealers to civil liability, BAR enforcement action, or consumer injury claims.

Dealer Takeaways

Dealers should audit all parts procurement procedures for SRS components, train service personnel to identify counterfeit indicators, flag and report suspected counterfeit airbags to OEM brand-protection contacts or NHTSA, and incorporate counterfeit-part checks into vehicle safety and trade-in inspection protocols.

There are tens of thousands of potentially affected vehicles on California roads and any one of those could roll in as a trade. It is critical for dealers to be vigilant in inspection and sourcing to ensure consumer safety and dealer compliance.

To view the presentation, visit the BAR Advisory Group <u>Website</u> and watch the <u>webcast</u> recording (the presentation starts at 1:30:16). Dealers can reach out to CNCDA's legal team at 916-441-2599 or <u>legalhotline@cncda.org</u> with questions.

Help Us Help You: Complete our EIR Survey Today!

By: Autumn Heacox, Director of Communications & Marketing

Your data drives CNCDA's advocacy. Our Economic Impact Report (EIR) highlights the value of California's franchised dealers, showcasing the 130,000+ jobs, billions in tax revenue, and community giving that contribute to California's economic strength.

Your survey results helped CNCDA win major victories, including PAGA reform and AB 473, which protect dealerships from unfair lawsuits and direct-to-consumer threats.



The EIR survey anonymously collects your 2025 data, and you can aggregate data from all stores. Feel free to delegate it to a team member (best-guess estimates will work). Every response strengthens CNCDA's influence with lawmakers and agencies.

Take a few minutes to protect your dealership. Complete the EIR today at www.cncda.org/eir.

Questions? Contact Autumn Heacox at (916) 441-2599 x105 or communications@cncda.org



2026 Sponsorship Guide Now Available

By: Rebecca Matulich, Director of Strategic Partnerships

We are happy to announce that the <u>2026 Sponsorship Guide</u> is now available! Partner with CNCDA to connect with California's dealer community, elevate your brand, and drive meaningful impact.

With more than 1,200 highly engaged dealer members, the California New Car Dealers Association is the nation's largest state auto dealer association. Our strength lies not only in our size, but in the individual success of our dealer members. Our sponsor partners are essential to their success.

If you are interested in becoming a CNCDA Sponsor, please contact Rebecca Matulich at matulich@cncda.org!

Join NextGen Quarterly Meetings!

By: Autumn Heacox, Director of Communications & Marketing

Calling all CNCDA NextGen members. We are excited to introduce Quarterly meetings, a new way to stay connected and up-to-date.

Our first meeting is Wednesday, November 12, at Noon, where we will meet virtually to discuss NextGen's mission, priorities, and upcoming events. We will also hear from NextGen sponsors at Vitu, ACV, and Federated Insurance, as well as a special legislative update from CNCDA's Director of Government Affairs, Kenton Stanhope.

If you're interested, send your RSVP to mbediamol@cncda.org to receive the Zoom link. We hope you'll join us!





QUARTERLY MEETING

Connect with NextGens from across California!

TOPICS

2025 – 2026 Priorities 2025 Legislative Recap:

Featuring Kenton Stanhope, Director of Govt. Affairs
Upcoming Events



Supporting the CNCDA Foundation: Why the Juice is Worth the Squeeze

By: Joe Castelino, American Motors Group

Supporting the CNCDA Foundation resonates deeply with me because I see myself in the students it helps. I remember what it felt like to be lost and unsure of my path, until one teacher stepped in and changed my life.

My high school auto shop teacher, Mr. Bill Wishart, reopened the program because he knew how important it was for kids like me to have direction. I wasn't athletic, didn't play an instrument, and didn't fit in with the drama crowd. But in that shop, I found a place where I belonged. Mr. Wish made it fun. He'd open the shop during football games, host after-game barbecues, and invite everyone to see what we were working on. He created a home for us and taught lessons about life, responsibility, and accountability that still stick with me today.



I'll never forget when he caught me ditching class. He wasn't mad that I skipped; he was disappointed that I broke a commitment. He made me take responsibility and held me accountable every step of the way. That moment changed my attitude and taught me what it meant to keep my word.

When I participate in the CNCDA Foundation events today, I see those same kids: the ones looking for purpose, belonging, and someone who believes in them. I tell them my story honestly, and when they realize that I was once in their shoes, I see their eyes light up. They begin to understand that a career in automotive isn't just a job, it's a pathway to stability, confidence, and success.

The auto industry gave me everything. I started at the bottom, worked long hours, and learned every part of the business. Today, I'm proud of where I am, what I've built, and grateful for the opportunities this industry has given me. It allows me to attend various events and inspire young minds. It's proof that success in automotive doesn't depend on where you start; it depends on your willingness to work hard and keep learning.

That's why I'm so passionate about the CNCDA Foundation. It opens doors for students who might not see a future for themselves. It gives them the same chance Mr. Wish gave me: a place to grow, learn, and believe that success is possible.

To my fellow dealers, please get involved. Whether you volunteer, donate, or visit a local auto tech program, your participation matters. You have the power to change a young person's life and build a stronger workforce for our industry's future.

For me, supporting the Foundation isn't just giving back. It's paying forward the second chance I was given. And trust me, the juice is absolutely worth the squeeze.

Why should dealerships attend the CNCDA Foundation's Automotive Technology Career Days?

- Watch Joe Castelino explain his reasons for participating here.
- Find out more about getting your dealership involved at <u>www.cncdafoundation.org/career-day.</u>

California New Motor Vehicle Board Update: Electric Vehicle Expert Pledge

By: CNCDA Staff

The <u>California New Motor Vehicle Board</u> launched its Electric Vehicle (EV) Expert Pledge for California New Car Dealerships this past May. This initiative supports the Zero Emission Vehicle (ZEV) transition in California and promotes industry best practices in ZEV sales activities. Dealer signatories commit to having one or more dealership staff trained as an EV Expert and local resource for customers.



At their August 1st General Board Meeting, members recognized four new car dealerships: Bob Smith BMW-MINI, Concord Honda, Ed Dena's Auto Center, and San Francisco Toyota.

On October 20, Timothy Corcoran, Executive Director, and Kimberlee Vaye, Assistant Director and Equity Officer, had the privilege of visiting San Francisco Toyota, where they met with Edwin Tan, Vice President and General Sales Manager; Russ Mobley, Sales Operations Manager; and Gee Gomez, Product Specialist, to learn more about San Francisco Toyota's best practices in EV sales.



Join industry leaders by taking the pledge today! Click here to access the ZEV Pledge Form.

Sharing Good News

By: CNCDA Staff

CNCDA collects and shares our dealers' good news on 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.

Click here to check out the Good News from your fellow dealers in the month of October!

This month includes stories from:

- Del Grande Auto
- Fresno Acura
- Downtown Ford
- Marin Subaru
- Nissan of Elk Grove
- Paradise Autos
- And more...



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

Your Guide to Hosting a Drama-Free Office Party

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

Another year is wrapping up, and that means it's time for twinkling lights, festive playlists, gag gifts, and, yes, the annual company holiday party. But before you bust out the eggnog, let's talk about something less exciting but super important: keeping the party fun and lawsuit-free. California employers know the drill—holiday parties can be a minefield of legal risks, especially when alcohol flows and inhibitions fade. So, before the festivities begin, let's make sure your holiday party doesn't turn you into a lawsuit party.



Company-sponsored holiday parties, especially those involving alcohol, can become hotspots for inappropriate behavior when boundaries are blurred and judgment is impaired. Even managers are not immune to lapses in judgment, which can have serious consequences for workplace relationships and legal liability. Just remember, alcohol and managers are a recipe for lawsuits! That is from experience. Every January, we see an influx of complaints stemming from company holiday parties. Just because it's a party doesn't mean we can party hard.

Holiday parties, especially the kind with flowing drinks, can sometimes turn into the perfect storm for inappropriate behavior. And yes, that includes the kind that leads to sexual harassment claims. Since 2022, federal law has made it clear that these types of claims can no longer be handled through arbitration. Instead, you'll be facing a full-blown jury trial, with twelve strangers deciding your fate. The bottom line is that you have to keep the festivities festive, not risky. A little planning goes a long way toward making sure your holiday bash isn't remembered for leading you into the courtroom.

Your Holiday Party Liability Checklist

Whether your holiday party is a casual gathering or a formal affair, it's essential to plan with liability in mind. Here are key areas to address:

1. Employee and Manager Conduct

Workplace Rules Still Apply. Just because the party's off-site and after hours doesn't mean the rules take a holiday. It's still a company-sponsored event, which means your workplace conduct policies are in full effect. Clearly communicate this to employees and managers in advance, as any incident that occurs at the event may lead to potential legal liability later on. A party invitation is a great opportunity to outline expectations and remind everyone that inappropriate behavior may result in disciplinary action, up to and including termination. So, remind your team, nicely but firmly, that fun is encouraged, but inappropriate behavior isn't. A friendly note in the party invite can do wonders.

2. Alcohol Management

Have a Plan. Alcohol and office parties can be a tricky mix. When drinks start flowing, so can inhibitions, and that's when things go sideways. To keep your celebration safe and enjoyable for everyone, it's important to have a clear plan around alcohol. Set expectations early. Include a friendly reminder in your party invitation about responsible drinking. Let employees know that overindulging isn't just a bad look—it can lead to serious consequences. Encourage anyone with questions to contact HR in advance.

Limit the Booze. If you're providing alcohol, consider skipping the open bar. Instead, offer a limited number of drink tickets—two per person is a good rule of thumb. Make it clear that tickets shouldn't be shared or pooled.

This helps keep consumption in check and reduces the risk of things getting out of hand. And remember, minors shouldn't drink. (cont.)

Your Guide to Hosting a Drama-Free Work Party (cont.)

Designate Sober Monitors. Assign a few managers to stay sober and keep an eye on the festivities. Their role isn't to police the party, but to discreetly step in if someone's had too much to drink or is heading toward inappropriate behavior. They can also help ensure everyone gets home safely.

Plan for Safe Rides. Consider arranging transportation options for employees who may need a ride home.

Whether it's rideshares, taxis, or even nearby hotel accommodations, having a plan in place ahead of time is a good way to prevent accidents and, yes, lawsuits.

3. Insurance

Before the party, review your company's liability insurance. Make sure there are no exclusions for alcohol-related incidents or off-site events. If you're using a venue or caterer, confirm that your event is also covered under their policy.

Remember, the goal is to celebrate the season—not to deal with the fallout of a party gone wrong. With a little planning and clear communication, you can keep the holiday spirit alive while keeping everyone safe. Please contact the Association's employment counsel, Fine, Boggs & Perkins LLP, at (415) 378–3150 for further guidance or with questions.

Kia K5 Courtesy of Elk Grove Kia

By: McKenna Bediamol, Administrative Coordinator

For the next month, The Showroom is holiday-ready with a Snow White Pearl 2026 K5 GT 2.5T FWD courtesy of Elk Grove Kia! Come check it out at 1517 L St in Sacramento.

Interested in our event space? One of your vehicles could be the backdrop at your next event hosted in The Showroom! With A/V capabilities, a private bar, and flexible layouts, we'll help set the stage for an unforgettable event.



To display your vehicle or host an event in The Showroom, please contact Cathy Mason, Director of Operations, at **(916)** 441-2599, ext. 115, or cmason@cncda.org.







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Thank you for reading!

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