



The NATIONAL Perspective



Communications

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"Serving Arkansas's franchised new car and truck dealers since 1932"

NADA DIRECTOR'S COLUMN

Dealer Data and Related Digital Issues are High Priority for NADA

Dealers don't need to be reminded that the world of dealer data is changing. The volume of information generated and stored has exploded, and that information is more sensitive and *more valuable* than ever. It's no longer just the dealer generating this information; "big data" companies and data brokers hold vast amounts of data, and vehicles themselves are now generating data about drivers, owners, passengers and others.

At the same time, the number of third parties with whom a dealer must share information with has also increased. The collection, storage, use and sharing of this information raises many complicated legal, regulatory and business issues for dealers, including:

How can this data be shared securely?

- What information should be shared with whom and how do I know that third parties are not misusing that information?
 - Who has the right to control the integration, dealers or dealer vendors?
 - Are dealer systems cybersecure, and are they ready for integration with the vehicle?
 - What information can an OEM require a dealer to share?
 - What "telematics" and other information is your manufacturer sharing with you?
- How can dealers and OEMs accomplish this sharing while meeting their ever-growing legal requirements?

At the same time, dealers must meet long-standing federal privacy obligations while understanding the implications of new laws such as the EU's General Data Protection Regulation (GDPR), state laws like California's Consumer Privacy Act (CCPA) and others. There are also a number of federal legislative proposals that would vastly broaden U.S. federal privacy law. None of these laws are aimed specifically at the auto industry, but all will have significant effects on dealerships.

For the dealership model to continue to thrive, we must meet these technical and legal challenges.

Dealers should know that One NADA is here for you! As chairman, I can assure you this is a top priority at NADA. For many years, we have worked closely with regulators, manufacturers, dealer vendors and others to ensure that dealers have the tools they need to comply with the law and are ready for the technical, cybersecurity, and data challenges for the future. Those efforts continue today.

You can help by prioritizing these issues at your store. Double down on compliance efforts. Talk to your manufacturer about these issues and let them know how important they are to you and your business. Work with your vendors to ensure you know and understand how your customer information is handled and shared. Remind your employees

how important it is that this information is treated with the utmost care.

Simply put, the data you maintain is at the heart of your customer relationship, your reputation and the value of your business. We dealers are swimming in increasingly challenging waters, but with the help and guidance of NADA, we stand ready to exceed expectations, providing our customers with world-class products and services as well as cutting-edge technology and privacy protections.

One NADA

It's time we stop thinking of NADA simply as an organization we belong to. If you are part of NADA, it's not just a membership; it's a badge of honor. Because all of us *are*, in fact, NADA.

One NADA: it's a mantra that I want you to remember this year. As dealers, we embody powerful traits. But as one association, these individual traits come together and form our character. Our character defines who we are; how we respond when things get tough; and how we rely on each other through the highs and lows. During the 2019 NADA Show in San Francisco, I passed out a card that symbolizes how we are one NADA.

Nurture - We nurture and develop our dealers and train them for excellence. We set high expectations and inspire others.

Advocate - We work with state and metro association partners to advocate for policies—with manufacturers, the government and the media—that help local dealerships, their employees and customers flourish.

Deliver - We deliver results, deal positively with our business realities, develop comprehensive and competing plans, and defend the franchise system.

Accountability - We hold ourselves and others responsible and accountable, and work with our NADA team to deliver results for each member.

Dealers are getting hit from all sides, and NADA is the force that unites us against the obstacles we couldn't overcome individually. Today, we face an evolving business model with intense pressure on our sales departments. At the same time, our service departments—which are busier than ever—have the responsibility to get cars back on the road safely and efficiently. And whether it's preserving affordability of new vehicles, battling against proposed industry tariffs or getting skilled technicians through every dealership's doors, we must tackle our issues as a team.

Each and every member is what makes NADA great. It's a comfort that we've never been alone in our challenges, but we need your engagement more than ever. Give us your feedback. Be active and involved in our latest Workforce Initiative for auto technicians. Try to host your member of Congress at your dealership if you haven't already. It's time we all roll up our sleeves and take accountability for the future of our industry. One voice has carried us through more than a century in the automobile industry. One NADA will carry us through the next.

Charlie Gilchrist
2019 NADA Chairman

Legislative Session Complete Review

The 92nd General Assembly adjourned on Wednesday, April 10, 2019, after 87-days, after filing 1,867 bills, and after passing 1,092 Acts. As of July 24, 2019, these Acts are now the law of the land.

AADA had an incredibly successful session, and we would especially like to thank Rep. John Payton as well as Rep. Fran Cavanaugh. Rep. Payton was the lead sponsor on the franchise bill that AADA presented, and passed without opposition. Both Representatives Payton and Cavanaugh are tremendous advocates for the automotive industry, and every dealer is better off today because of their efforts.



During this year's legislative session, AADA was able to pass a comprehensive amendment to the franchise act, Act 924. The items included in this act will benefit dealers for a long time to come, and we will go into the details of this bill in the adjacent article. Other bills that were a part of AADA's legislative package included an act to allow temporary tags on trailers, and the issuance of title for watercraft. Both of these bills were sponsored by Senator Bill Sample who is a longtime friend of AADA's.



Act 525 will allow temporary preprinted paper buyer's tags for trailers and semitrailers. This act will assist law enforcement and consumers, and AADA is working in close conjunction with the Department of Finance and Administration, Office of Motor Vehicles to get this project implemented.

Act 733 allows for watercraft titling for new boat purchases manufactured on and after January 1, 2020. Historically, ownership of watercraft was transferred on a small space on the registration certificate. This act will allow the transfer of ownership on a certificate of title which is a much more secure method of transferring ownership. The issuance of this title should be a deterrent to theft of watercraft.

Unfortunately, every legislative session includes bills that AADA must oppose due to its impact on dealers. In many cases, this part of the Association's advocacy effort is one of the most critical during every session. The following are bills that AADA successfully opposed during this year's session:

HB 1171 was a bill presented to repeal the law concerning the procedures for the addition or relocation of a

new motor vehicle dealer. This bill would have gutted the relevant market area provisions of the Motor Vehicle Commission act, and fundamentally altered the placement, location, and operations of dealerships in Arkansas.

HB1793 was a bill presented to change the law concerning the lien priority for vehicle repairmen. Many dealers reached out to AADA about their concerns with the impact this bill would have on your lien rights for unpaid service work on a vehicle.

HB 1973 was an effort to amend the Motor Vehicle Commission Act to comply with federal laws and regulations. This bill was proposed by the Attorney General's office and was an effort to enforce the Federal Trade Commission's oversight for the display of Used Vehicle Buyer's Guides in the window of used vehicles displayed for sale. We worked closely with the AG's office and appreciate their efforts to remedy the complaints their office receives regarding noncompliance with this regulation. AADA will continue to work during the interim period to ensure all franchise dealers are properly displaying these Buyers Guides as regulated by federal law.

HB1974 concerned the transfer of a certificate of title of a vehicle subject to a lien or encumbrance. This bill was an effort to resolve an important consumer concern, but would have dramatically impacted consumers in terms of used vehicle trade-in values as well as normal operational business practices. We are continuing to work the sponsor to attempt to come to a resolution that will benefit everyone.

Finally, AADA successfully partnered with the manufacturers (yes, you read that correctly!!) to prevent the introduction of an aftermarket parts bill by the aftermarket parts industry. During the 2017 session, AADA had to work hard to fight a bill that was introduced that would have removed the notice requirement to a consumer that non-OEM parts are being used to repair a vehicle. Our efforts before and during the legislative session helped to ensure that a similar bill did not get a sponsor.

Franchise Act Amendment In Depth

Act 924, an amendment to the Motor Vehicle Commission Act, was one of the most comprehensive updates to the state's franchise law in years. Our primary sponsors, Rep. John Payton, Rep. Jeff Wardlaw, and Sen. Eddie Cheatham were instrumental in getting this bill through both Chambers in very quick time, and we cannot thank them enough.

This amendment was the culmination of efforts that started in August 2018 when AADA's legislative commit-

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tee met to plan for the upcoming session. The next several months were dedicated to drafting the language in anticipation of a negotiation session with the manufacturers.

AADA would like to thank all members of the Legislative Committee that attended the August planning meeting. And we would particularly like to thank Legislative Committee Chairman Matt Cavanaugh, AADA Chairman Gan Nunnally, and past AADA Chairman Benny Ryburn for participating in a four and a half (4.5) hour meeting with the Motor Vehicle Commission and industry representatives with the Alliance of Automobile Manufacturers, GM, Fiat Chrysler, Mazda, and Gulf States Toyota. The outcomes for these efforts are wide reaching, and each Arkansas dealer will benefit as a result.

Act 924 contained the following provisions:

Safety Recalls on Used Vehicles

The Act defines a vehicle under stop sale and do not drive orders for safety recalls, and establishes a compensation process for recall repairs as well as setting a reimbursement rate for recall service or repair, if the parts or a remedy is not available, at 1.25% of the value of the used motor vehicle per month beginning 30-days from the date of the order.

Service Technicians

The Act deletes some unnecessary language related to service technicians in training.

Routine Maintenance Definition

The Act defines the term routine maintenance for non-warranty service work. Routine maintenance is defined to mean motor vehicle upkeep not covered under the manufacturer’s warranty, including without limitation tire rotations and the replacement of: (1) Tires; (2) Fluids; (3) Filters; (4) Batteries; (5) Belts; (6) Windshield wipers; and (7) Brake pads.

Dealership Facilities

The Act increases the time from 7-years to 10-years that a dealer may qualify for a new vehicle sales incentive program following a factory required and approved facility upgrade.

Manufacturer Ownership

The Act clarifies the temporary operation of a dealership by a manufacturer during an owner transition, and removes some outdated language regarding the ownership and operation of a dealer by a manufacturer following a hearing by the motor vehicle commission.

There is always more to do, and AADA is already preparing for the 2021 legislative session, but this recent session was a great victory for all Arkansas franchise dealers. If you have any questions, feel free to call Greg Kirkpatrick at AADA at (501) 372-2596.

Caldwell Announces Retirement as NADA Director

After twenty-one years of dedicated service, Jack Caldwell, Caldwell Toyota, Conway, announced his retirement from the NADA Director’s position at AADA at the end of his current term. Over the years, Jack has served on the NADA Board of Directors as well



as the Executive, Government Relations, Industry Relations, Public Affairs, Dealer Operations, Membership, and Convention committees with NADA. Over the years Jack has been an incredible representative for all Arkansas dealers on a national level, and maintaining a tireless schedule working for all members of AADA. We look forward to taking time to celebrate Jack’s many accomplishments over these years, and we all owe him many thanks for his time and service.

Many of you may have received your nomination forms from NADA as the election of this position is completely handled by NADA. We will have some news to report soon, but in the meantime, pass on to Jack your appreciation for his tremendous service.

**AADA Board of Directors Meeting Summary
April 11, 2019**

The AADA Board of Directors met on April 11, 2019 for the annual spring meeting in Hot Springs. Highlights included an extensive update on the 2019 Legislation Session, an update on AADA’s new office space, and presentations by a number of AADA partners.



Following the officer reports, board members heard presentations from Federated Insurance and The Versant Group. Ryan Lanier and Ben Peterson with Federated Insurance were introduced to give a brief report. Mr. Peterson and Mr. Lanier’s presentation covered resources available to their clients including topics such as distracted driving, driver safety, risk management, and employer liability. Mr. Lanier also reminded dealers about the Risk Management Academy, and that it is offered free to their clients. If you have questions for Federated contact them at 1-800-533-0472.

The Versant Group was then introduced as a new associate member of AADA and provider of customer finance and insurance protection products in Arkansas, Alabama, and Mississippi. Representatives from the Versant Group that presented to the AADA Board members included Jason Rasti, Lee Martinez, and Justin Palmer with the focus of their comments on introducing the company to the board. AADA would like to thank The Versant Group for sponsoring the meeting. If you would like information on the products and services The Versant Group offers call 1-800-622-6838.

Sandy Stroope, Director, Motor Vehicle Commission requested input from the Board regarding the problems presented by on-line advertising and advised the board on the impact of the government reorganization on the Motor Vehicle Commission.

The meeting concluded with an update on AADA’s sponsorship of the Arkansas State Police Test Track. AADA greatly appreciates all the dealers that serve on the Executive Committee and the Board of Directors.

AADA Building Moving Forward

With the ground breaking ceremony on March 5, construction officially began on AADA’s future new home at 600 Main in North Little Rock.

AADA will occupy the 2nd floor of a three-story building shared with the North Little Rock Convention and Visitor’s

Bureau on the first floor and Taggart Architects on the third floor.

The AADA offices will comprise 8,000 s/f which will allow the association the space for a dedicated conference room as well as leasable office space.

The project is moving ahead of schedule and the contractors anticipate the building will be finished early next year. We will go into much more detail in the next newsletter, but for now we wanted to show you the transformation of the property from groundbreaking to today.



Does Your Garage Liability Insurance Cover Punitive Damages?

It is recommended that dealers check with their General Liability or Garage Liability insurer to find out whether the policy covers punitive damages in the event of a lawsuit. It is one of those issues no dealer hopes ever comes up, but good to make sure the policy covers this event.

AADA Website Launched

We are pleased to announce that AADA’s website, AADAONLINE.COM, is now live. After many years in the dark, AADA has entered the digital age and we hope every dealer will take a look. It is a clean, on-point design that is fully responsive making it easy to navigate on your pc, phone or tablet and with a variety of web browsers.



A comprehensive menu provides a wide range of content designed to keep members informed with AADA news including a complete listing of the officers and directors, legislative victories, and upcoming events, as well as a few features for members only that include previous editions of the AADA Communications Newsletter as well as the Membership Directory and Buyer’s Guide. Be sure to check it out today: www.aadaonline.com.

Frank Hug—Top Four TIME Finalist

During the NADA Convention held in San Francisco, Frank Hug Jr., Hug Chevrolet-Buick-GMC in Charleston, was named one of four regional finalists for the 2019 TIME Dealer of the Year award.



This year marks the 50th anniversary of the annual award sponsored by TIME in association with Ally Financial, and in cooperation with NADA. The four finalists, each received a \$5,000 grant for the nonprofit organization of their choice.

Since the award’s inception, Arkansas has had five (5) national winners and eleven (11) finalists. Congratulations to Frank on this well-deserved honor.

Mark Your Calendar

2019	
September 16-17	NADA Washington Conference Washington DC
October 17	Board of Directors Meeting North Little Rock
December 4	Board of Directors Meeting North Little Rock
2020	
February 14	NADA Convention Las Vegas, NV