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DEALER

June 2025 • Vol. 38 No. 5

The official publication of the Massachusetts State Automobile Dealers Association, Inc

ZEV MANDATES REVOKED

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MASSACHUSETTS AUTO DEALER

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AUTO DEALER MAGAZINE

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ZEV Mandates Ended, For Now

By Jeb Balise, MSADA President

This month, prompted by considerable dealer input to legislators and other policymakers here and in D.C., franchised dealers and their manufacturers achieved rescue from onerous zero-emission vehicle mandates imposed by the California Air Resources Board. Based on how the legal cookie crumbles, time will tell whether this relief could be permanent or short-lived.

Since last year your Association lobbied the Healey-Driscoll Administration and legislators for relief from CARB's ZEV mandates that were to start for MY2025 heavy-duty trucks and MY2026 cars and light-duty vehicles. The Administration first gave truck manufacturers a delay until January 1, 2026, to meet CARB's heavy-duty omnibus NOx emissions (HDO) rule, and subsequently it delayed the Advanced Clean Trucks (ACT) rule with its ZEV mandates for MY25 and MY26. Unfortunately, at that time, we still awaited word on the status of the Advanced Clean Cars II (ACC II) rule.

In March, the Trump Administration's EPA finally sent to Congress the three resolutions necessary to revoke the waivers granted for the CARB rules in question – ACT, HDO, and ACC II. The Trump EPA also began the process to overturn the Biden Administration's stringent vehicle emissions rules instituted on all non-CARB vehicles, which were the subject of our opposition efforts at previous Washington Conferences and ATD fly-ins.

Eventually, the U.S. House and Senate each voted in a bipartisan manner to revoke the three CARB waivers, and President Trump ultimately, on June 12, signed the resolutions putting an end to CARB's overreach. Meanwhile, Governor Maura Healey completed the trifecta of delays when, on May 23, her Administration delayed ACC II for cars for MY25 and MY26. This will prove helpful should the California litigation challenging Congress and the president's actions get overturned; California's attorney general was joined by the attorney general for Massachusetts and several other states to file a lawsuit just after the president signed the revocations.

Government, at any level, does not act in a vacuum. Politicians all respond to the push and pull of constituents and the views of affected parties. Here and in D.C., rule delays and waiver revocations occur as a direct result of dealer input into the process. Your Association appreciates the actions of every dealer and their key managers who took the time to contact their state and U.S. legislators and the governor's office on these matters. We can never be successful without such efforts.

ATD just completed its annual D.C. fly-in in early June with over 100 truck dealers and state association participants, including ATD board vice chair Kevin Holmes and our Executive Vice President Robert O'Koniewski. We now are beginning to assemble our group for the September NADA Washington Conference. Constant contact with our federal officials keeps dealer insights in the forefront of their minds.

Moving forward, please consider answering the call to action should we ring the bell in the future. It can be the difference between success and failure.

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Legislative Wins – ZEV Mandates Revoked; E-Titles Become Law

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June saw franchised dealers experience several legislative successes at the State House and in D.C. Dealer input with our state and federal legislators played a considerable role in those achievements. Our appreciation goes out to each and every dealer and their key managers who contacted their legislators throughout the multi-month processes.

Trump Signs CARB Waivers Revocations

On June 12, in a White House ceremony attended by numerous Members of Congress and auto industry representatives, President Donald Trump affixed his signature to three resolutions, initiated by the EPA under the Congressional Review Act and approved by the U.S. House and Senate, to revoke Biden Administration waivers provided to the California Air Resources Board in three areas: zero-emission vehicle sales mandates for cars under the Advanced Clean Cars II (ACC II) rule, ZEV sales mandates for medium- and heavy-duty trucks under the Advanced Clean Trucks (ACT) rule, and the imposition of stringent heavy-duty truck NOx emissions requirements, the so-called HDO rule.

These three rules, if implemented, would have inflicted serious industry ramifications in the states, such as Massachusetts, which are wedded to the CARB regulatory initiatives. However, the real-world implications of the rules also would have adversely impacted market conditions in all states as the factories struggled to meet the strict mandates as well as the internal combustion vehicle needs of all customers across the country.

Although the Congressional Review Act does not allow for parties to challenge the revocation actions in court, that did not stop the California attorney general, along with ten other states, to file a lawsuit in Northern California federal district court against the Congressional and Trump actions, claiming the EPA improperly presented the three resolutions to Congress. We surely can expect this to wend its way up to the U.S. Supreme Court. At least we have the back-up of the Healey Administration's enforcement discretion delays on the three rules should the revocations get shot down. Nevertheless, for now, the mandates are gone.

Check out more details in this issue's cover story.

Gov. Signs E-Titles Law

As we were going to press, the Massachusetts Legislature surprised seasoned Beacon Hill observers by coming to an agreement on the FY26 budget just before the July 1 start of the fiscal year. Included in the $60.9 billion spending plan are three sections that require the Massachusetts Registrar of Motor Vehicles to institute a system of issuing electronic titles in lieu of the current paper title system and accept electronic signatures on all sales transactional documents, including RMV paperwork.

In the quickest turnaround time in 25 years, Gov. Healey signed the budget agreement on July 4, vetoing just over $100 million in the spending line-items. With her signature, the e-title and e-sig provisions are law, with a commencement date of January 1, 2026. We now will work with the administration and the RMV to implement the new statute in a timely and efficient manner, which often is a bigger challenge than getting something passed.

Congress Passes, Trump Signs One Big Beautiful Bill Act

In another treat for dealers, as we were going to press, the U.S. House and Senate passed the One Big Beautiful Bill and sent it to the president in time for his self-imposed deadline of July 4.

On July 1, the U.S. Senate, on a 51-50 vote with Vice President J.D. Vance voting to break the tie, passed its version of the One Big Beautiful Bill Act (H.R. 1) and sent it back to the House. The Senate collaborated with House leaders to finalize the Senate bill's language in hopes that the House would pass it without changes; the House initially passed its version on May 22, on a 215-214 vote.

President Trump asked Congress to deliver the final bill to his desk by July 4. Congress met the challenge with the House finally voting 218-214 on July 3 to accept the Senate amendments. The President then signed the bill on July 4.

Over the past several months, NADA and dealers engaged in ensuring a number of critical dealer-related provisions were included in the final bill covering such matters as Section 199A pass through deductions, the estate tax, Section 163(j) interest deduction limitations, and Section 168(k) bonus depreciation. The bill also includes for consumers the creation of auto loan interest deductibility for 2025-2028.

In their war against the federal subsidization of ZEVs, Congress and the president made clear their desire to end EV tax credits for purchasers and lessees. Thus, expiring on September 30, 2025, are the 30D tax credit for new clean vehicles, the 25E tax credit for previously owned clean vehicles, and the 45W tax credit for leasing and qualified commercial clean vehicles.

Dealers should inform their customers of the upcoming changes and encourage them to accelerate their EV purchase or lease plans before the tax credits expire. GOP congressional leaders had sought a repeal of all the EV tax credits 30 days after the enactment of the bill, but the final bill addresses NADA's request for a longer phase-out period.

Please see Scott Dube's NADA Director's column in this month's issue for more information on the various tax provisions in the new BBB law.

ATD Fly-In

American Truck Dealers (ATD), an arm of NADA dedicated to medium- and heavy-duty truck dealers, held its annual Congressional fly-in to Washington, D.C., on June 3-4. ATD hosted over 100 attendees comprising 55 dealers, including Kevin Holmes and Chris Marsh of Advantage Truck Group, and 11 Automotive Trade Association Executives, including this writer, representing 29 states. In total, attendees engaged in over 120 visits with U.S. Senators and Representatives at Capitol Hill. The ATD Board also met as part of the fly-in activities. Kevin and I sit on the ATD Board as the Freightliner rep and the ATAE rep, respectively.

During our journey to our nation's capital, we met with Jim McGovern (D-Worcester) and the staff for Reps. Jake Auchincloss (D-Newton), Katherine Clark (D-Revere), Stephen Lynch (D-South Boston), Seth Moulton (D-Salem), Richard Neal (D-Springfield), and Lori Trahan (D-Westford).

The key legislative priorities we discussed on the Hill included:

- Opposing the EPA's final rule for Greenhouse Gas Emissions Standards for Heavy-Duty Trucks – Phase 3;
- Support for repealing the 12% federal excise tax on heavy-duty trucks;
- Opposing the "right to repair" bill as drafted especially as it would relate to heavy-duty trucks; and
- Support for catalytic converter anti-theft legislation.

Finally, NADA will hold its annual Washington Conference on September 9-10, at which your Association brings a group of dealers to meet with members of our Congressional delegation. If you want to participate in outreach on these federal issues with your Member of Congress, especially by hosting a dealership visit, please do not hesitate to reach out to me.

On a side note, the ATD fly-in occurred after House and Senate votes to revoke the CARB ZEV mandates and the HDO rule. Dealers from states with Members of Congress who voted for the revocations were able to engage in a "thank you" tour of sorts. No such luck for us on these ZEV issues.

Please see Scott Pearson's Trucks column in this month's issue for more information on the recent fly-in event.

FTC Issues New FAQs on Safeguards Rule Compliance

The Federal Trade Commission, on June 16, issued a Frequently Asked Questions document to help dealers comply with the Safeguards Rule.

Since dealers must work daily with their franchisor manufacturers and business-related vendors, they are under constant scrutiny to ensure customer information is protected as required by the Safeguards Rule. However, there have been questions regarding how dealers can comply with the rule regarding contracts with OEMs and other vendors.

The FTC's revised FAQ document provides a useful summary of the key Safeguards Rule duties applicable to dealers and cites the 2005 FAQ on the Privacy Rule and Auto Dealers and FTC Safeguards Rule: What Your Business Needs to Know.

Key points from the FAQ that address specific situations to dealers:

- Dealers need to notify the FTC of a breach as soon as possible and no later than 30 days after discovery if there is an unauthorized acquisition of unencrypted information unless there is reliable evidence to show that there has not been, or could not reasonably have been, unauthorized acquisition of the customer information in question.
- Sharing a list of all customers who have purchased a vehicle with an OEM is not covered under the Safeguards Rule or the Privacy Rule—name and address information alone does not trigger the requirement to provide a privacy notice or opportunity to opt-out to an individual under the Privacy Rule. If a list, however, contains information obtained in the financing process, including the fact that the individual sought or obtained financing or leasing, dealers would need to comply with the Privacy Rule.
- Storing all information obtained from individuals in one comprehensive database (interest in buying a vehicle, applied for and obtained financing) with name, address, vehicle purchased, and social security number would need to comply with the Safeguards Rule. The Privacy Rule will also need to be followed if a dealer provides OEM access to the complete database unless an exception applies. A database and list generated from the database do not have the same compliance obligations. A list generated from that database with names and addresses of everyone that purchased a vehicle alone would not be subject to the Safeguards Rule or Privacy Rule if the list does not include other protected information.
- Overseeing a service provider does not mean dealers have to get the service provider to agree to meet all requirements of the Safeguards Rule. The Safeguards Rule gives dealers flexibility to select service providers whose safeguards are appropriate for the customer information they will be using.

NADA will continue engaging with the FTC to ensure dealers have clarity to comply with the Safeguards Rule and Privacy Rule that protects customer information and does not burden business.

NADA offers a variety of optional resources to assist dealers with compliance, including:

- Driven Guide to the FTC Safeguards Rule
- FTC Privacy Rule and the Model Privacy Notice

The FAQs are available at www.ftc.gov.

RMV Issues New "Mass. 250" Plate

In celebration of 250 years of America's independence and Massachusetts's revolutionary legacy, the Registry of Motor Vehicles unveiled a commemorative specialty license plate featuring the year "1776" and the number "250." This specialty two-year passenger plate is part of the Massachusetts 250 festivities and will be available to order online at Mass.Gov/myRMV beginning Thursday, May 22, 2025.

The plate features a blue background, with the year "1776" surrounded by 13 stars and the phrase "250 Years of Independence" at the bottom.

"There is so much to celebrate about our state's role in the founding of our nation and the ways in which Massachusetts has continued to lead with our revolutionary values of freedom and liberty for all," said Governor Maura Healey. "It's great that the Registry is giving drivers the chance to show off their MA250 pride with this commemorative license plate, and we encourage people to check them out!"

"There is no place in the world like Massachusetts, and our 250th birthday is a great time to take to the roads and brag about it," said Lieutenant Governor Kim Driscoll. "Having the 250th anniversary specialty plate on a car you own is a way to say you are proud of our legacy and everything our state has to offer."

"If you have that trailblazing Massachusetts spirit within you and want everyone to know when you take to the road, our new commemorative specialty plate can do all the talking for you," said Registrar of Motor Vehicles Colleen Ogilvie. "We are honored to have the opportunity to mark this very special milestone by giving vehicle owners a way to show off their pride in the form of a license plate."

The total standard fee is $100: $60 registration fee, plus $40 special plate fee

MSADA Annual Meeting – Oct. 10, Encore Casino

Save the date – We have begun preparations for our 2025 MSADA Annual Meeting on October 10 at the Boston Encore Casino and Hotel in Everett. Be on the lookout for our registration and sponsorship materials.

Legislative Scorecard

JUNE 2025

BILL#	SPONSOR	SUBJECT		STATUS
S201 H406	Sen Crighton Rep Hunt	Amendments to Ch. 93B, the auto dealer franchise law.	SUPPORT	In Joint Committee on Consumer Protection; no hearing scheduled yet.
H398	Rep Howitt	RTR Law amendment to fix consumer notice requirement.	SUPPORT	In Joint Committee on Consumer Protection; no hearing scheduled yet.
S271 H342 H365	Sen O'Connor Rep Chan Rep Finn	Creates process to appeal improperly issued Class 1 license.	SUPPORT	In Joint Committee on Consumer Protection; no hearing scheduled yet.
S202 H424	Sen Crighton Rep Lewis	Modernize on-line vehicle purchase process.	SUPPORT	In Joint Committee on Consumer Protection; no hearing scheduled yet.
S266	Sen Moore	Amends definition of heavy-duty trucks in RTR law.	SUPPORT	In Joint Committee on Consumer Protection; no hearing scheduled yet.
S291 H474	Sen Velis Rep Walsh	Open safety recalls notifications.	SUPPORT	Joint Committee on Consumer Protection held public hearing on 4/14/25.
S228	Sen Feeney	Protects consumer choice in vehicle service contracts.	SUPPORT	In Joint Committee on Consumer Protection; no hearing scheduled yet.
S797 H1260 H1285	Sen Moore Rep McMurtry Rep Philips	Creates process to increase the insurance reimbursed labor rate paid to auto body repairers.	SUPPORT	In Joint Committee on Financial Services; no hearing scheduled yet.
H1293	Rep Puppolo	Protects consumer choice in vehicle service contracts.	SUPPORT	Joint Committee on Financial Services held public hearing on 5/13/25.
H3406 S2185	Rep Puppolo Sen Moore	Creates process to delay ACT.	SUPPORT	In Joint Committee on State Administration; no hearing scheduled yet.
H2386 H3535 H3572	Rep Muradian Rep Muradian Rep Soter	Creates process to delay ACC II and ACT.	SUPPORT	Joint Committee on Telecommunications, Utilities and Energy held public hearing on 5/14/25.
S2360 H3603	Sen Cronin Rep Arciero	Eliminates initial state inspection for new vehicle.	SUPPORT	Joint Committee on Transportation held public hearing on 5/13/25.
H3690	Rep Howitt	Limit doc prep fee to $400.	OPPOSE	Joint Committee on Transportation held public hearing on 5/13/25.
H3676 H3677 S2371 S2374	Rep Gregoire Rep Gregoire Sen DiDomenico Sen DiDomenico	Establishes requirements for e-titles and e-signatures on RMV and sales docs.	SUPPORT	Joint Committee on Transportation held public hearing on 5/13/25.
H78 H80 H104 S29 S33 S45	Rep Farley-Bouvier Rep Hogan Rep Vargas Sen Creem Sen Driscoll Sen Moore	Mass. Consumer Data Privacy Act	OPPOSE	Joint Committee on Advanced Information Technology, the Internet and Cybersecurity held public hearing on 4/9/25. Redraft S2516 reported favorably on 5/12/25, referred to Senate Ways and Means.

Released: June 2025 | Covering data thru May 2025

Massachusetts Auto Outlook™

Comprehensive information on the Massachusetts new vehicle market

% Change In New Retail Market: YTD '25 thru May vs. Year Earlier	Light trucks	Cars
	+6.9%	-2.8%

Massachusetts New Retail Light Vehicle Registrations

	Light Trucks	Cars	Total
YTD '24 thru May	96,905	19,730	116,635
YTD '25 thru May	103,595	19,177	122,772
% change	6.9%	-2.8%	5.3%
May-24	21,982	4,727	26,709
May-25	24,432	4,478	28,910
% change	11.1%	-5.3%	8.2%
Apr-25	21,358	4,152	25,510
May-25	24,432	4,478	28,910
% change	14.4%	7.9%	13.3%

Data sourced from Experian Automotive. **Historical figures have been updated.**

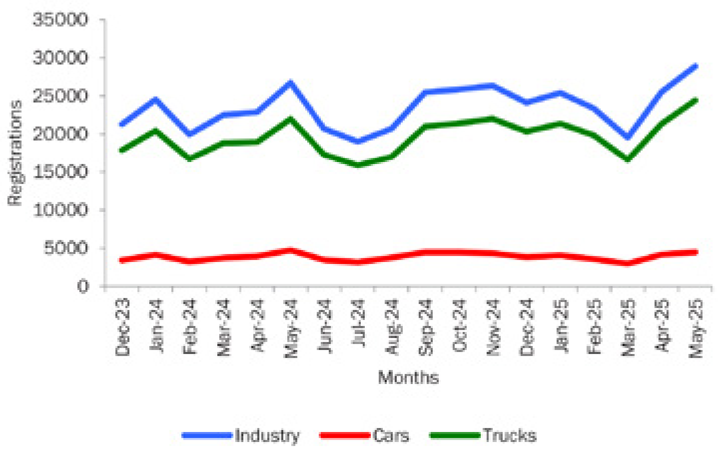
QUICK FACTS

New retail light vehicle registrations in the state increased 5.3% during the first five months of this year versus year earlier. U.S. market was up 7.3%.

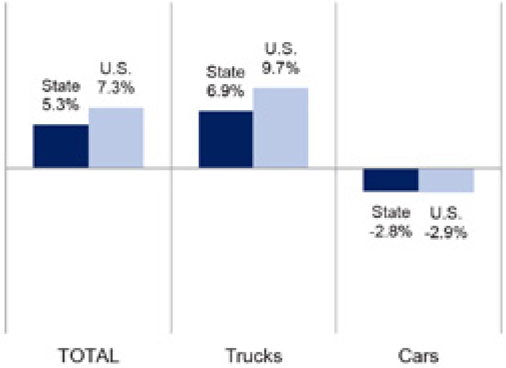
May registrations this year increased from year earlier and were also up from April.

Battery electric vehicle market share fell to 6.5% in May, down from 8.7% in April of this year (see page 4).

Monthly New Retail Light Vehicle Registrations in State



Percent Change in State and U.S. New Retail Light Vehicle Markets YTD '25 thru May vs. Year Earlier



The graph above compares the change in new retail car and light truck registrations in both the state and U.S. markets. Data sourced from Experian Automotive.

Data Information

Data presented in Auto Outlook measures new retail vehicle registrations in Massachusetts. Monthly recording of registrations occurs when vehicle title information is processed, which June differ from date of sale. Title recording can occasionally be subject to processing delays by governmental agencies. For this reason, the year-to-date figures will typically be more reflective of market results.

Change in New Retail Light Vehicle Registrations YTD '25 thru May vs. Year Earlier

DOMESTIC BRANDS	EUROPEAN BRANDS	JAPANESE BRANDS	OTHER ASIAN BRANDS
UP 2.8%	UP 5.0%	UP 4.2%	UP 18.3%

Massachusetts New Retail Car and Light Truck Registrations by Make	YTD thru May			YTD Market Share (%)		
	YTD '24	YTD '25	% chg.	YTD '24	YTD '25	Chg.
TOTAL	116,635	122,772	5.3%			
Acura	1,221	1,175	-3.8%	1.0	1.0	-0.1
Alfa Romeo	98	48	-51.0%	0.1	0.0	0.0
Audi	2,399	2,398	0.0%	2.1	2.0	-0.1
BMW	3,534	3,654	3.4%	3.0	3.0	-0.1
Buick	550	431	-21.6%	0.5	0.4	-0.1
Cadillac	709	787	11.0%	0.6	0.6	0.0
Chevrolet	7,280	7,414	1.8%	6.2	6.0	-0.2
Chrysler	236	192	-18.6%	0.2	0.2	0.0
Dodge	397	360	-9.3%	0.3	0.3	0.0
Ford	7,995	8,738	9.3%	6.9	7.1	0.3
Genesis	523	663	26.8%	0.4	0.5	0.1
GMC	2,955	3,414	15.5%	2.5	2.8	0.2
Honda	13,955	16,113	15.5%	12.0	13.1	1.2
Hyundai	6,174	6,987	13.2%	5.3	5.7	0.4
Infiniti	375	406	8.3%	0.3	0.3	0.0
Jaguar	58	52	-10.3%	0.0	0.0	0.0
Jeep	5,554	5,289	-4.8%	4.8	4.3	-0.5
Kia	4,501	5,591	24.2%	3.9	4.6	0.7
Land Rover	910	1,042	14.5%	0.8	0.8	0.1
Lexus	3,390	3,542	4.5%	2.9	2.9	0.0
Lincoln	550	555	0.9%	0.5	0.5	0.0
Maserati	51	27	-47.1%	0.0	0.0	0.0
Mazda	4,140	4,334	4.7%	3.5	3.5	0.0
Mercedes	2,416	2,718	12.5%	2.1	2.2	0.1
MINI	387	392	1.3%	0.3	0.3	0.0
Mitsubishi	562	608	8.2%	0.5	0.5	0.0
Nissan	4,783	4,137	-13.5%	4.1	3.4	-0.7
Polestar	50	85	70.0%	0.0	0.1	0.0
Porsche	530	627	18.3%	0.5	0.5	0.1
Ram	1,375	1,792	30.3%	1.2	1.5	0.3
Rivian	374	430	15.0%	0.3	0.4	0.0
Subaru	8,114	8,643	6.5%	7.0	7.0	0.1
Tesla	4,943	4,440	-10.2%	4.2	3.6	-0.6
Toyota	19,766	19,712	-0.3%	16.9	16.1	-0.9
Volkswagen	3,789	3,713	-2.0%	3.2	3.0	-0.2
Volvo	1,703	1,932	13.4%	1.5	1.6	0.1
Other	288	331	14.9%	0.2	0.3	0.0

Top ten are shaded yellow. Other Asian brands include Genesis, Hyundai, Kia, and VINFast.

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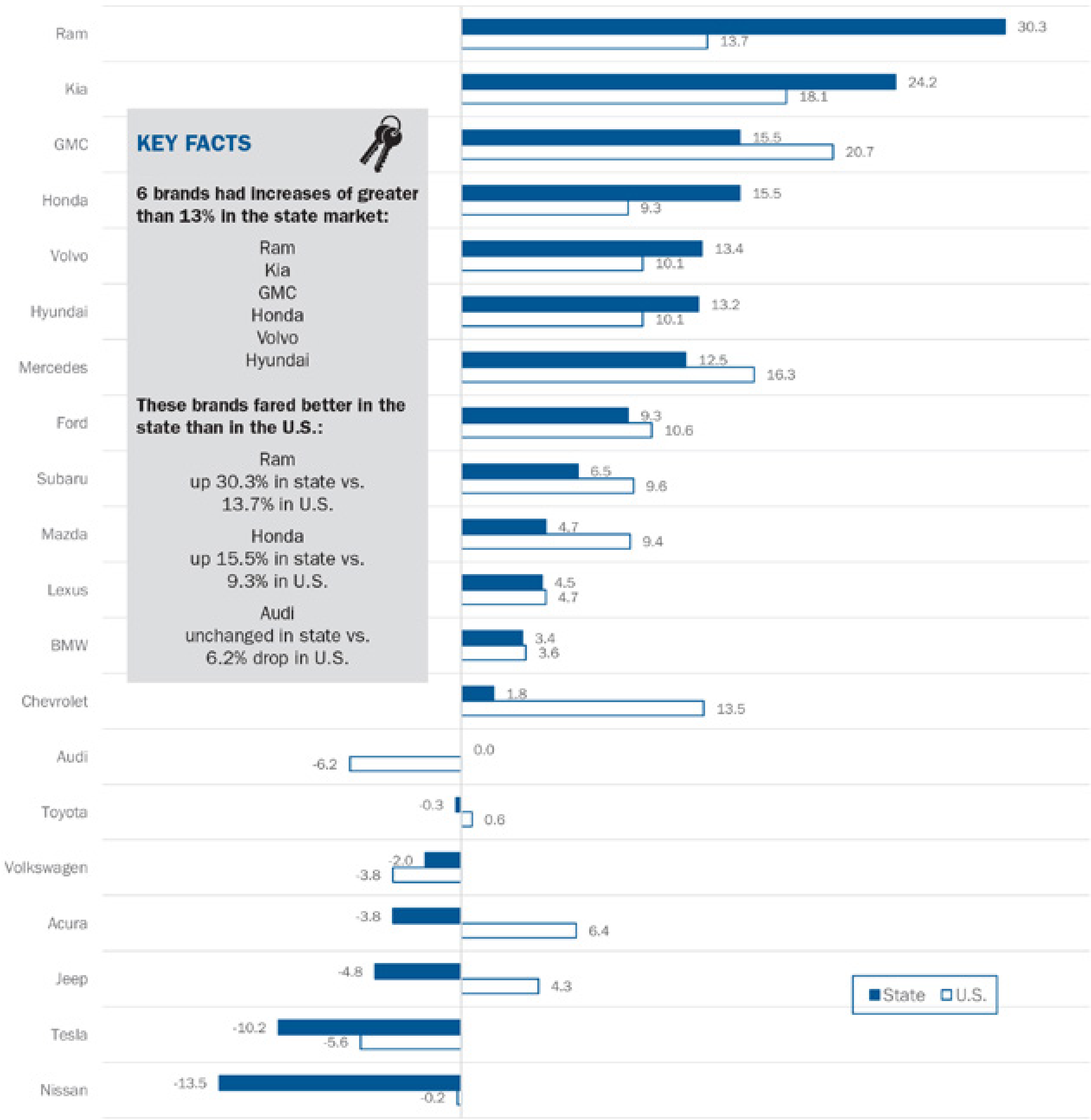
Released: June 2025

BRAND RESULTS

The graph below shows the percent change in new retail light vehicle registrations during the first five months of this year versus the same period a year earlier in both the Massachusetts (solid blue bars) and U.S. (blue outlined bars). Brands are shown from top to bottom based on the change in state registrations Data sourced from Experian Automotive.

Percent Change in Massachusetts and U.S. New Retail Light Vehicle Registrations (Top 20 Selling Brands in State)
YTD 2025 thru May vs. YTD 2024



KEY FACTS

6 brands had increases of greater than 13% in the state market:

Ram
Kia
GMC
Honda
Volvo
Hyundai

These brands fared better in the state than in the U.S.:

Ram
up 30.3% in state vs.
13.7% in U.S.

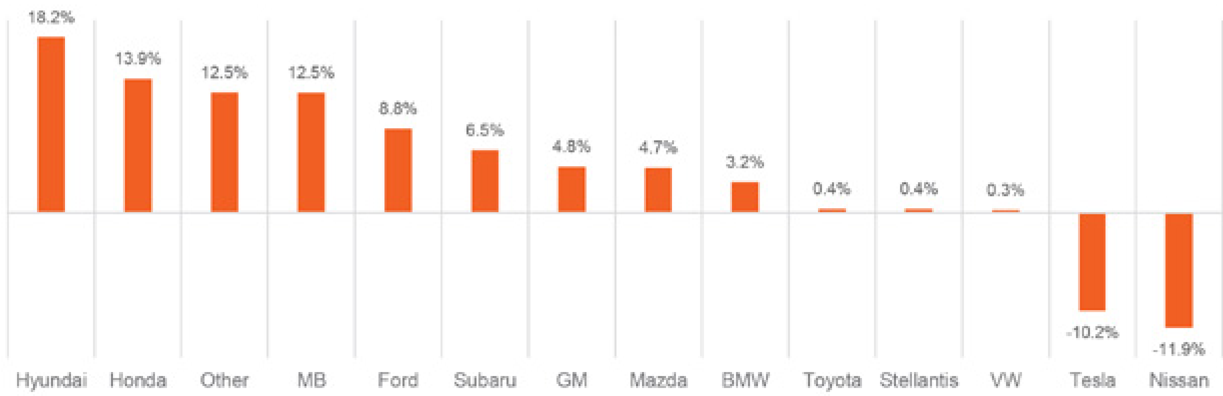
Honda
up 15.5% in state vs.
9.3% in U.S.

Audi
unchanged in state vs.
6.2% drop in U.S.

Data sourced from Experian Automotive.

MANUFACTURERS

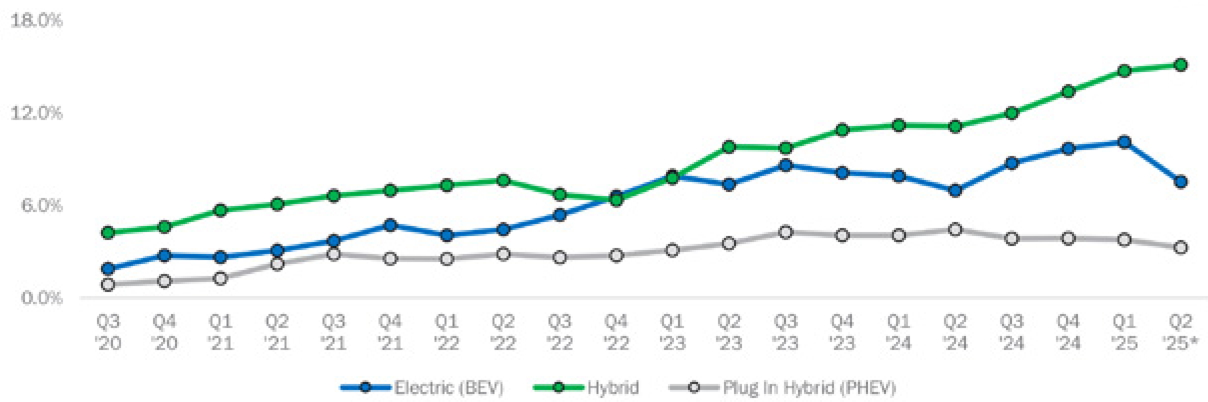
Percent Change in State Registrations by Manufacturer
YTD 2025 thru May vs. Year Earlier



The graph above shows the percent change in new car and light truck registrations by manufacturer during the first five months of this year versus the same period a year earlier. Data sourced from Experian Automotive. Note: MB is Mercedes-Benz.

HYBRID AND ELECTRIC VEHICLES

Quarterly Alternative Powertrain Market Share (Includes hybrid and electric vehicles)



The graph above shows hybrid powertrain and electric vehicle market share in the state. *Q2 '25 includes April and May only.
Data sourced from Experian Automotive.

Massachusetts New Light Vehicle Registrations by Powertrain Type

	Registrations					Market Share					
	Months			YTD thru May		Months			YTD thru May		
Powertrain Type	May-24	Apr-25	May-25	YTD '24	YTD '25	May-24	Apr-25	May-25	YTD '24	YTD '25	Chg. In share
ICE	20,832	18,780	21,534	89,644	89,118	78.0%	73.6%	74.5%	76.9%	72.6%	-4.3
BEV	1,991	2,225	1,873	9,299	11,010	7.5%	8.7%	6.5%	8.0%	9.0%	1.0
Hybrid	2,811	3,693	4,540	12,804	18,295	10.5%	14.5%	15.7%	11.0%	14.9%	3.9
PHEV	1,075	812	963	4,888	4,349	4.0%	3.2%	3.3%	4.2%	3.5%	-0.6

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Success!

ZEV Mandates Revoked—For Now

"Good things come to those who wait," as President Abraham Lincoln had been known to exclaim.

For franchised auto and truck dealers and their manufacturers, their commitment and perseverance to overturning the California Air Resources Board's zero-emission vehicle mandates were rewarded in spades on June 12 with President Donald Trump's signing, finally, three Congressional resolutions to eliminate the mandates and an onerous truck emissions rule.

Interested parties had to sweat it out for three weeks to the day of the U.S. Senate's passage of the EPA-filed resolutions to revoke the Biden Administration's waivers on the Advanced Clean Cars II (ACC II) rule, the Advanced Clean Trucks (ACT) rule, and the heavy-duty truck low NOx emissions (HDO) rule. But before the ink was dry on the Trump signatures, observers could hear a deep sigh of relief in D.C. and amongst dealers in those states, like Massachusetts, which are wedded to CARB's plethora of rules. The biggest threats to dealers' ability to meet customer needs may have come to an end, but uncertainty was thrust into the equation as California Attorney General Rob Bonta, joined by ten other attorneys general including Massachusetts's, sued in federal court to overturn the Trump actions.

President Trump White House Event

Once the U.S. House voted on April 30 and May 1 to revoke the waivers for ACC II, ACT, and HDO, all eyes were on the Senate. Senate leaders had to push back against opposition from the Senate's own parliamentarian, who ruled the waiver revocation resolutions were improperly before the body. By May 22, Senate Majority Leader John Thune (R-South Dakota) had secured the necessary commitments to move forward despite the Senate referee's ruling.

After what seemed like an interminable wait after the Senate votes, Congress finally forwarded the resolutions to the president, who ran for office last year on a platform that included defeating the ZEV mandates ASAP.

In a White House ceremony that included politicians and industry representatives, such as NADA CEO Mike Stanton and NADA Board Chairman Tom Castriotta, Trump made the following comments:

Today, I signed into law (1) H.J. Res. 87, "Joint Resolution providing congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Environmental Protection Agency relating to 'California State Motor Vehicle and Engine Pollution Control Standards; Heavy-Duty Vehicle and Engine Emission Warranty and Maintenance Provisions; Advanced Clean Trucks; Zero Emission Airport Shuttle; Zero-Emission Power Train Certification; Waiver of Preemption; Notice of Decision'"; (2) H.J. Res. 88, "Joint Resolution providing congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Environmental Protection Agency relating to 'California State Motor Vehicle and Engine Pollution Control Standards; Advanced Clean Cars II; Waiver of Preemption; Notice of Decision'"; and (3) H.J. Res. 89, "Joint Resolution providing congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Environmental Protection Agency relating to 'California State Motor Vehicle and Engine and Nonroad Engine Pollution Control Standards; The 'Omnibus' Low NOX Regulation; Waiver of Preemption; Notice of Decision'".

These bipartisan measures prevent California's attempt to impose a nationwide electric vehicle mandate and to regulate national fuel economy by regulating carbon emissions. Because of the joint resolutions I signed today, California's Advanced Clean Cars II, Advanced Clean Trucks, and Omnibus Low NOX programs are fully and expressly preempted by the Clean Air Act and cannot be implemented.

Preemption of these programs is essential to preserving the Constitution's allocation of power both among the States and between the States and the Federal Government. It is the Federal Government, not States, that should establish vehicle emissions *standards given the inherently interstate nature of air quality; a patchwork of State vehicle regulations on this subject is unworkable. Our Constitution does not allow one State special status to create standards that limit consumer choice and impose an electric vehicle mandate upon the entire Nation.*

As the Congress's joint resolutions make clear, California's attempts to impose an electric vehicle mandate, regulate national fuel economy, and regulate greenhouse gas emissions are not eligible for waivers of preemption under section 209 of the Clean Air Act. This provision of the Clean Air Act authorizes the Environmental Protection Agency (EPA) to grant waivers to California to address only compelling and extraordinary localized issues. It can never again be misused to regulate greenhouse gas emissions, which inherently do not have localized effects, much less compelling and extraordinary local effects, or vehicle emissions across the Nation.

Under the Congressional Review Act, the EPA cannot approve any future waivers that are "substantially the same" as those disapproved in the joint resolutions. The core of the waivers at issue are their authorization of California to regulate greenhouse gas and NOX emissions from internal combustion engines and to impose what amounts to an electric vehicle mandate across the Nation. Accordingly, the joint resolutions prohibit the EPA from approving future waivers for California that would impose California's policy goals across the entire country and violate fundamental constitutional principles of federalism, ending the electric vehicle mandate for good.

Industry Comments in Support

Franchised vehicle dealers and trucking representatives were praiseworthy of the Congressional and presidential efforts.

The National Automobile Dealers Association (NADA) and American Truck Dealers (ATD) released the following statement praising President Trump's actions: "America's franchised dealers applaud President Trump for signing bipartisan legislation to stop California regulators from banning sales of new gas vehicles and diesel trucks, which would have begun later this year. Unless Congress acted, California's regulations would have reduced consumer choice and raised prices in the showroom for new and used cars. Banning gas and hybrid cars is a national issue that should be decided by Congress, not an unelected state agency. Enactment of this legislation ensures that consumers can continue to choose the vehicle that fits their needs."

NADA's Stanton stated: "Consumers may not realize that a major crisis was averted today when President Trump signed these resolutions. California's ban of gas and hybrid cars and diesel trucks was completely out of alignment with consumer demand given the insufficient charging infrastructure and the high cost of electric vehicles. This victory is truly a cause for celebration. The standards put forth in these regulations were unachievable and would have increased prices at a time when vehicle affordability is low and purchasing a new car or truck is out-of-reach for many.

Image credit: Bigstock

"The Transport Project supports efforts to advance the implementation of clean commercial trucks and buses. The best way to do so is through one national standard that equitably treats all clean technologies and allows fleets the flexibility needed to meet differing applications and duty cycles."

Let's take a moment to breathe a sigh of relief but remain focused on our next steps to protect vehicle choice and affordability."

Chris Spear, CEO of the American Trucking Associations, commented: "Today, common sense prevailed. We thank President Trump, EPA Administrator Zeldin and congressional leadership for taking decisive action to end crippling, detached-from-reality rulemakings that would have imposed devastating economic consequences on American businesses and families. This is not the United States of California. With the stroke of his pen, President Trump is restoring the certainty that the trucking industry needs to deliver for our nation as we continue to reduce our environmental impact."

Clean Freight Coalition Executive Director Jim Mullen said: "The trucking industry won a tremendous victory today. Eliminating California's disastrous regulations is a critical victory, but additional course correction of the Biden's EPA's policies is still necessary. The CFC will continue to collaborate with the EPA and industry stakeholders to correct the Biden EPA's ill-advised Greenhouse Gas Phase 3 and NOx regulations."

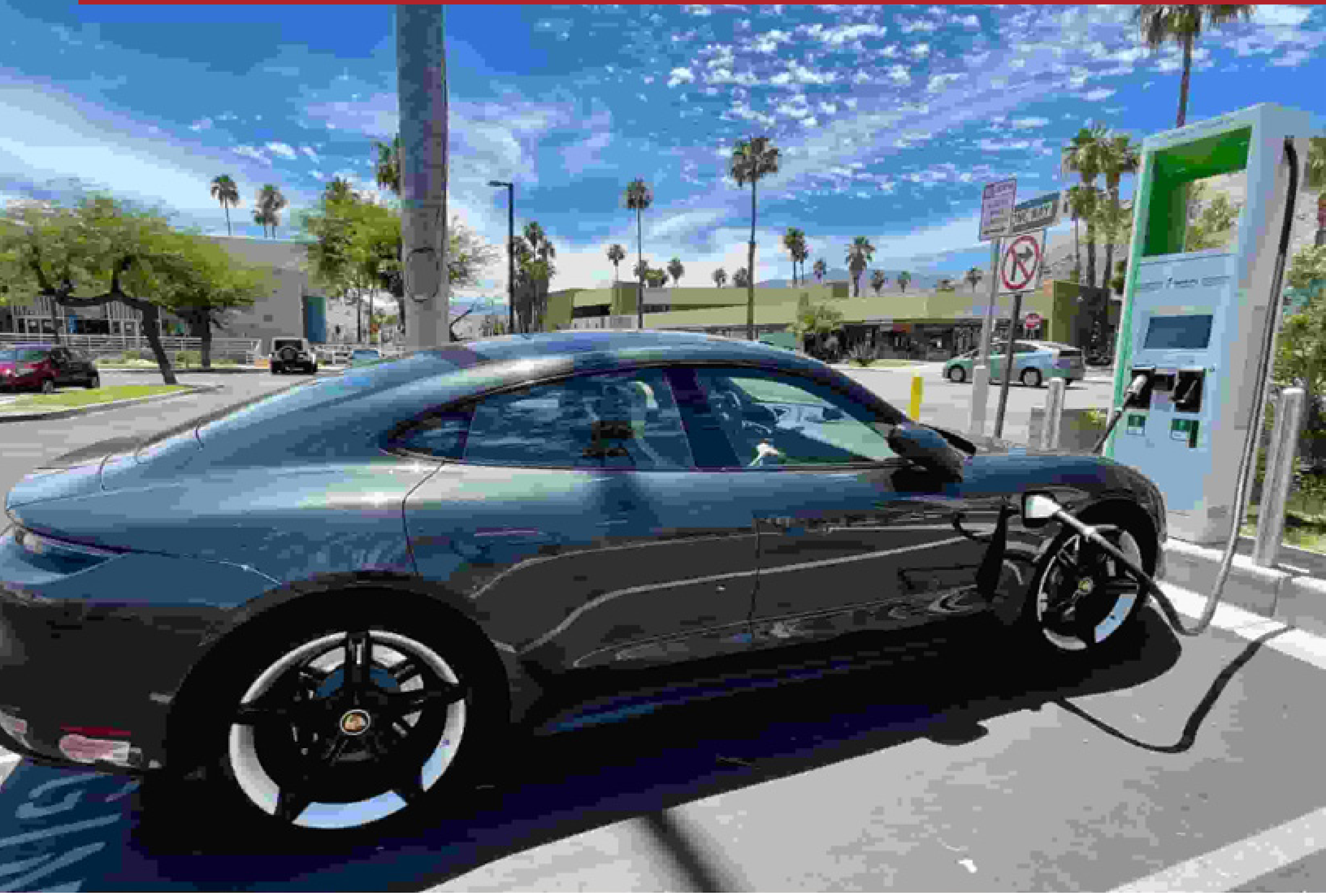
The Transport Project, a coalition of fleets, OEMs, and dealers committed to decarbonization, offered: "The Transport Project supports efforts to advance the implementation of clean commercial trucks and buses. The best way to do so is through one national standard that equitably treats all clean technologies and allows fleets the flexibility needed to meet differing applications and duty cycles. Further, that standard must reflect technological and operational realities with an achievable timetable. We support the actions of the U.S. House of Representatives, U.S. Senate, and President Trump to restore balance, fairness, and uniformity in fleet emission standards and reaffirm a national all-of-the-above clean vehicle deployment approach."

The Other Side of the Coin – Legal Challenge Was Swift

California and the other states committed to CARB's rules did not take the revocations lying down. Within minutes of the Trump signings, California parties were quick to file their paperwork in Northern California federal district court to challenge the Trump Administration and Congress's actions, claiming the resolutions were not properly before Congress to begin with under the Congressional Review Act.

Readers may recall the Senate parliamentarian, the Government Accountability Office (GAO), and several legal experts have argued that CRA is not applicable to the CARB waivers: the CRA involves agency rules; the CARB waivers are adjudicatory orders, not rules. In fact, as a prelude to the Senate vote, several Senators aggressively pushed back in writing against the GAO involvement. It was the GAO's opinion that prompted the Senate parliamentarian to proclaim the revocation resolutions improper under the CRA. The Senate, in fact, took the rare step of moving forward with the votes regardless of the parliamentarian's ruling.

ZEV MANDATES REVOKED – FOR NOW



The Clean Air Act allows California to adopt more stringent emission requirements independent from EPA's regulations, and the Act requires EPA to approve preemption waivers for those requirements absent certain, limited circumstances not present here.

– California Office of the Attorney General

After Congress passed the resolutions, CARB Chair Liane Randolph called the revocations an "unconstitutional, illegal, a foolish vote." After President Trump's signing, she went further in a written statement: "Despite the President's signature, this remains an unconstitutional, illegal and foolish attempt to undermine California's clean air protections. We welcome Gov. Newsom's and California Attorney General Bonta's prompt legal action and look forward to judicial review. In the meantime, CARB will use every tool at its disposal to continue our critical work to clean the air and address the climate crisis. The health and well-being of all Californians depends on it — especially those who live in underserved communities with unhealthy air. We look forward to engaging with the state legislature, stakeholders and the public as we follow the Governor's executive order to further advance the state's clean vehicle transition."

A coalition including the attorneys general from Massachusetts, Colorado, Delaware, New Jersey, New Mexico, New York, Oregon, Rhode Island, Vermont, and Washington, joined in California's lawsuit.

In a statement, Massachusetts AG Andrea Joy Campbell said, "The Congressional Review Act was not designed to undermine a state's right to set and enforce its own public health standards simply because the President opposes them. I will continue to fight against illegal policies that harm our residents and thwart our climate goals."

Moreover, California Governor Gavin Newsom issued an executive order to continue developing clean vehicle regulations and to prioritize government incentives for manufacturers and fleets that still follow CARB's regulations.

"The Congressional Review Act was not designed to undermine a state's right to set and enforce its own public health standards simply because the President opposes them."

– Andrea Joy Campbell
Massachusetts Attorney General

Upon filing the lawsuit on June 12, California AG Bonta's office issued the following statement:

California Attorney General Rob Bonta, California Governor Gavin Newsom, and the California Air Resources Board today led a coalition of 10 attorneys general in filing a lawsuit against the federal government challenging the unprecedented and unlawful use of the Congressional Review Act (CRA) to upend California's clean vehicles program, specifically the Advanced Clean Cars II (ACCII), Omnibus, and Advanced Clean Trucks (ACT) standards. Predicated on illegal actions by the Trump Administration, Congress purported to disapprove the Clean Air Act waivers, granted by the Environmental Protection Agency (EPA), that allow California to enforce these more stringent, state-level emission standards. In the 50 years since the Clean Air Act was enacted, waivers have never been subject to the CRA. Nor have any other agency orders that adjudicate requests for permission—such as oil and gas leases or mining permits. Congress's unprecedented action attempting to invalidate California's waivers contradicts the non-partisan Government Accountability Office and Senate Parliamentarian, both of whom determined that the CRA process to disapprove federal regulations does not apply to waivers.

If California is prevented from enforcing these vehicle emission standards, it will result in the loss of significant economic and public health benefits, costing California taxpayers an estimated $45 billion in preventable health care costs. Despite decades of progress, tens of millions of Californians still breathe some of the worst air in the nation—these regulations were specifically designed to change that. Losing these standards would also undermine market certainty for vehicle manufacturers, stifling innovation and job creation, including in the electric vehicle sector, which has been a growing source of high-paying green jobs and investment.

"The President's reckless, politically motivated, and illegal attacks on California continue, this time with his attempt to trample on our longstanding authority to maintain more stringent clean vehicle standards," said Attorney General Bonta. "The President is busy playing partisan games with lives on the line and yanking away good jobs that would bolster the economy – ignoring that these actions have life or death consequences for California communities breathing dirty, toxic air. I've said it before, and I'll say it again: California will not back down. We will continue to fiercely defend ourselves from this lawless federal overreach."

"Trump's all-out assault on California continues – and this time he's destroying our clean air and America's global competitiveness in the process," said Governor Gavin Newsom. "We are suing to stop this latest illegal action by a President who is a wholly-owned subsidiary of big polluters."

Motor vehicle emissions contribute to the formation of smog, as well as fine particle pollution and unhealthy levels of air toxics, all of which are linked to premature death, respiratory illness, cardiovascular problems, and cancer, among other serious health impacts. Transportation is also the leading source of greenhouse gas emissions in the country, and cars and trucks account for more than 80% of those transportation emissions.

The Clean Air Act requires the EPA to set federal emission standards for air pollutants from new motor vehicles or new motor vehicle engines that cause or contribute to air pollution that endangers public health or welfare. The Clean Air Act allows California to adopt more stringent emission requirements independent from EPA's regulations, and the Act requires EPA to approve preemption waivers for those requirements absent certain, limited circumstances not present here. Historically, EPA – under both Republican and Democratic administration – has granted California more than 75

In California alone, over 2 million zero-emission passenger cars have been sold, with clean vehicles now making up 26% of all new car sales.

ZEV MANDATES REVOKED – FOR NOW

preemption waivers for updates to the State's new motor vehicle emissions control program. As Congress intended, these waivers have allowed California to improve on its vehicle emissions program, which pre-existed the federal government's efforts to regulate vehicle emissions via the Clean Air Act.

Consumers are rapidly embracing clean vehicle options. In California alone, over 2 million zero-emission passenger cars have been sold, with clean vehicles now making up 26% of all new car sales. This momentum extends to the medium-and heavy-duty vehicle market as well, where sales have exceeded targets for two consecutive years – well ahead of timelines set by state regulations.

Since 2023, the EPA granted California three waivers, allowing it to enforce the ACC II, Omnibus and ACT regulations in California. Under ACC II, automakers must continue to sell an increasing number of zero-emission vehicles in California—as they have been for decades. By model year 2035, 80% of the passenger vehicles sold in California must be zero-emission, while the remaining 20% may be plug-in hybrids. Advanced Clean Truck regulations, which aim to accelerate the widespread adoption of zero emission vehicles in the medium and heavy-duty truck sector, are similarly critical for California's efforts to meet air quality standards and protect public health. By 2040, the Advanced Clean Truck regulations will reduce emissions of NOx by 16.9 tons per day and fine particulate matter emissions by 0.46 tons per day. The Omnibus regulation requires internal combustion heavy-duty trucks sold in California to meet strict standards for oxides of nitrogen (NOx), which are major contributors to smog formation.

Under the direction of President Trump, the EPA transmitted these waivers to Congress as "rules" in an attempt to invoke CRA procedures, even though all three waivers state EPA's consistent and longstanding position, under both Republican and Democratic administrations, that waiver decisions are not "rules." Both the Republican-controlled U.S. House of Representatives and the Senate illegally used the CRA to "disapprove" of California's Clean Air Act waivers.

The complaint filed today alleges that the attempt to invalidate California's waivers violated constitutional principles of federalism and separation of powers, the Take Care Clause, and multiple federal statutes including the Congressional Review Act and Administrative Procedure Act. The complaint asks the court to declare the resolutions to be unlawful and to require the Administration to implement the Clean Air Act consistent with the granted waivers.

A copy of the complaint is available at https://www.mass.gov/doc/state-of-massachusetts-et-al-v-epa-et-al/download.

What's Next?

The legal lines are drawn. As far as Congress and the Trump Administration are concerned, the ZEV mandates are revoked and cannot be judicially challenged, which the CRA so states. California and its ten-state coalition see it differently: the resolutions were never properly before Congress in the first place.

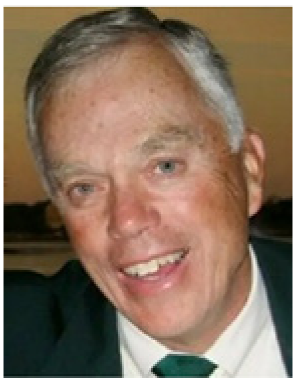
Prospectively, the Healey Administration's enforcement discretion on ACC II, ACT, and HDO looms large as relief for dealers and the manufacturers should the courts douse the euphoria of June 12. Like everything else involving the Trump Administration, this is most likely heading to the U.S. Supreme Court.

MARSTONS MILLS

In Memoriam: Jay Tracy

Jay Henry Tracy, a beloved husband, father, and family man passed away on June 12, 2025, with family in Marstons Mills on Cape Cod. He was 85 years old.

Born in Weymouth on November 26, 1939, the son of Albert E. Tracy and Marjorie Litchfield Tracy. Jay lived on the South Shore, Hingham, and Westwood for much of his childhood, caddying in the summer and playing on the waterfront. Moving several times while his father worked as the National Sales Manager for American Motors, Jay began a lifelong love for the car business. As a teenager he lived in a boarding house and worked summers as an attendant for a filling station in Yarmouth and later as an automobile salesman in Hyannis while attending college.



Jay attended Westwood High School where he played football, hockey, and baseball. He went on to graduate from Colgate University and took a job with Cadillac Motor Car Division. He moved to Detroit, in 1962 with his new bride, Constance Moore Tracy, and later to Cleveland where they started their family. Sons Bradford W. Tracy and Jeffrey W. Tracy were both born in Cleveland, Ohio.

After a few years, Jay and his father decided to purchase a car dealership of their own. In 1968 they opened Tracy Volkswagen, which still operates today with Brad Tracy as the owner. In 1992 Jay opened Tracy Chevrolet Cadillac in Plymouth, and Jeff Tracy became owner in 1999. Jay always wanted to be a Cadillac dealer after working for the manufacturer. He loved the business, his customers, and the community.

Jay became the Master of the Hyannis Masonic Lodge, President of the local Chambers of Commerce, and President of the board at Hyannisport Country Club. Also, he was past president of the Massachusetts Golf Association and the Massachusetts State Auto Dealer Association. He volunteered his time for countless golf tournaments and various other community endeavors. He even won the prestigious award "Time Dealer of the Year" for Massachusetts. The automobile business meant the world to him.

Jay became an avid golfer and sailor. He cherished his many friends and relationships at the course and on the water. He was very competitive and always did his best while displaying unwavering sportsmanship and integrity. Jay believed in doing things the right way. He shared life's lessons through sports and work. Work hard and always treat people with respect. The many lessons he passed along centered around his moral compass. Follow the rules, be humble, and remember to be nice.

As a car dealer he believed in the customer above all else. Look through the customer's eyes and treat them the way you would want to be treated. Always do what you say you will do. Repeat and referral business were the mainstay for both car dealerships. Jay was very proud of his accomplishments and his ability to pass his love for the business on to his two sons. He and his extended family have all flourished because of his vision and hard work.

Most importantly, Jay was a family man who took great pleasure in watching his children and grandchildren in sports, dance, theatre, graduations, and a myriad of events. He loved golfing, boating, and being with the kids. Always quick to offer suggestions to promote greater success, he cherished the opportunity to be helpful. His insight will be missed.

Jay is survived by his wife Constance Moore Tracy, sons Bradford W. Tracy and his wife Holly and Jeffrey W. Tracy and his wife Kimberley, grandchildren Leah, Christian, Matthew, Josie, and Shawn, and great grandchildren Pearl, Jay, Collins, and Wells.

Most importantly, Jay lived life with admiration, enjoyment, and curiosity for everyone around him. He was a true gentleman.

Jay's family received visitors on Wednesday, June 18, 2025, at the Doane, Beal, & Ames Funeral Home, 160 West Main Street, Hyannis.

The Tracy family asks that you consider a donation to A Baby Center, 232 Main Street, Hyannis, MA 02601, in remembrance of Jay.

HOLYOKE

Marcotte Ford Completes Holyoke YMCA Project

Mike Marcotte of Marcotte Ford has announced the completion of the Holyoke YMCA's Personal Training Studio, powered by the dealership. The new training space includes a 3D body image scanner, personal health consultation, and one-on-one and small group training. The goal of this partnership was to increase the commitment to provide a high-quality wellness experience for all within and surrounding the Holyoke community. As a result of this collaboration, the YMCA generously extended a 50% discount off membership rates to all Marcotte Ford employees.

After Marcotte received Ford's Salute to Dealers award this year, Ford generously donated $10,000 to help the dealership complete this meaningful community project. With Ford's support, Marcotte was able to donate a total of $40,000 to create this new space that reflects its shared commitment to health, wellness, and community impact.

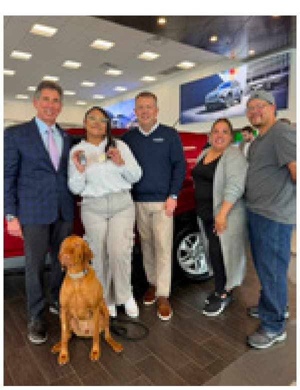
"We are excited about what this partnership means for our team and the community," said Mike Marcotte. "We also are deeply grateful for Ford's continued commitment to recognizing dealers who strive to make a local impact. We look forward to continuing this kind of community-driven work in the future."

HOLYOKE

Gary Rome Awards Holyoke HS Student Brand New Hyundai

Gary Rome Hyundai recently held its annual Holyoke High School student car giveaway. Chelsea Salas, one of twenty student participants who earned a slot for the event, held the lucky key that started a brand-new Hyundai Venue.

Now in its 15th year, the Gary Rome Academic Achievement Award is the only program of its kind in the region, offering a brand-new vehicle to a deserving high school student as a reward for academic excellence, consistent attendance, and strong character. Students must maintain a GPA of 3.0 or higher, have fewer than six absences throughout the academic year, and remain free of major disciplinary actions to qualify.



Gary Rome and his team work closely with Holyoke High School's North and Dean campuses each year, kicking off the selection process with school pep rallies to generate excitement and encourage students to strive for excellence. The goal of the program is to inspire young people to take pride in their education, remain committed to their goals, and recognize that hard work and determination are noticed and rewarded.

"We started this program because we wanted to make a difference in our community and in the lives of young people who are working hard to create better futures for themselves," said Rome. "It's something we're very proud of, and I feel incredibly honored to be in a position to offer this opportunity. When students see that their efforts matter—and that people believe in them—it gives them a reason to push forward. This isn't just about winning a car. It's about recognizing achievement, building confidence, and helping to fuel the next generation of leaders."

The Gary Rome Academic Achievement Award continues to serve as a unique and uplifting tradition in Holyoke—an investment in education, character, and the future of the community.

Dealership Recognitions

Ford 2024 President's Award honors Ford dealerships nationwide that have excelled in automotive retailing by providing exceptional customer service and satisfaction:
- Herb Chambers Ford of Westborough
- Lamoureux Ford, East Brookfield
- Place Motor, Webster
- Quirk Ford, Quincy

Lincoln 2024 President's Award, the company's highest recognition for unparalleled commitment to excellence:
- Herb Chambers Lincoln, Braintree

Nissan 2025 Award of Excellence for outstanding results in sales, customer satisfaction, and owner loyalty:
- Kelly Nissan of Lynnfield, Brian Kelly
- Kelly Nissan of Woburn, Brian Kelly
- Marlboro Nissan, George Albrecht
- Mastria Nissan in Raynham, Ruddy Brito
- Nissan 24 in Brockton, Ed Kardon
- Nucar Nissan North Attleboro, Dan Dagesse
- Sullivan Brothers Nissan in Kingston, John Sullivan

TRANSACTIONS

The Mastria Auto Group, led by Dealer Rick Mastria, has acquired Hyundai of Plymouth. New name – Mastria Hyundai of Plymouth.

The McGovern Auto Group, led by Dealer Matt McGovern, purchased Tracy Chevrolet Cadillac in Plymouth. New names – McGovern Chevrolet of Plymouth and McGovern Cadillac of Plymouth.

Dealer Ray Butler purchased McGee GMC in Charlton. New name – Butler GMC.

Stay on Top of Your KPIs

By Erika Gagne

CPA, Albin Randall & Bennett

In a dealership environment shaped by thin margins, rising carrying costs, shifting consumer preferences, and even minor operational blind spots can have major financial consequences. For dealership owners and CFOs, financial statements should do more than report; they should inform.

The right key performance indicators (KPIs), monitored consistently and interpreted correctly, provide early warning signs of trouble, illuminate trends, and support data-driven decision-making across departments. At ARB, we use our Auto Dealership Business Intelligence (ADBI) tool to stay current with each client's financial position, allowing us to identify emerging issues, interpret KPI trends, and support timely, informed decisions.

The seven KPIs below offer a starting point for leaders seeking to turn operational complexity into measurable control.

1. Contracts in Transit: Delays Disrupt Cash Flow

"Contracts in Transit" (CIT) represents completed retail deliveries that have yet to fund. A high or rising CIT balance can disrupt cash flow, especially when sales volume spikes. The ideal is to see these funded within 10 days. Monitor average days outstanding and segment by lender or deal type. Delays may reflect documentation issues, lender inefficiencies, or weaknesses in the funding processes.

2. Inventory Turnover: Sales Velocity and Capital Efficiency

Track turnover separately for new and used vehicles. Low turnover may suggest overbuying, mispricing, or poor vehicle mix. High turnover with declining gross points to discounting or insufficient Finance & Insurance (F&I) capture. For parts inventory, slow turnover can indicate overstocking and risk of obsolescence. Fast turnover with frequent stockouts may hinder service performance. Benchmark inventory cycles against departmental performance and seasonal patterns to understand the trends without straining working capital.

3. Days Supply Inventory: A Risk and Cost Indicator

"Days supply" focuses on duration—how long inventory would last at the current sales rate. Evaluating days supply helps anticipate carrying costs and informs stocking decisions. Review this KPI by category:

- **New Vehicles:** Too much supply ties up capital and incurs floorplan costs; too little means lost sales.
- **Used Vehicles:** Aging used units rapidly lose value, particularly after 45 days.
- **Parts:** Parts days supply should reflect service bay volume and absorption goals, not vendor incentives.

4. Accounts Receivable – Days Sales Outstanding

"Days sales outstanding" (DSO) reveals how long it takes to collect what you are owed. Reviewing AR aging in context of volume and process accuracy ensures tighter cash control and fewer write-offs. In dealerships, segmenting by source is the best course:

- **Vehicle Receivables:** You should clear these quickly. Delays signal lender or process issues.
- **Parts and Service:** Increases signal collection or even customer satisfaction issues. Establish and enforce terms.
- **Warranty Receivables:** Reimbursement timelines vary. Delays often stem from submission or coding errors.

5. Gross Profit: Volume Alone Does Not Tell the Story

Gross profit per unit is more important than sales volume alone. Monthly trendlines and benchmarks help surface margin compression early before it undermines net profitability. Break it down:

- **New Vehicles:** Monitor gross net of factory incentives to avoid margin illusion.
- **Used Vehicles:** Segment by source and age-to-retail. Margins often deteriorate with age.
- **F&I Gross per Contract:** Track both the per-contract average and total contracts per retail unit. Declines may reflect product mix changes, menu presentation issues, or reduced penetration rates.

6. Sales Per Repair Order: Fixed Ops Performance Gauge

"Sales per repair order" provides a view of technician efficiency, advisor performance, and customer behavior. Declines may suggest fewer maintenance recommendations, lower upsell acceptance, or changes in job mix. Evaluate in conjunction with hours per RO and effective labor rate. A sustained drop can signal deeper issues in service lane processes or customer retention.

7. Fixed Expense Coverage: Gross Profit vs. Overhead

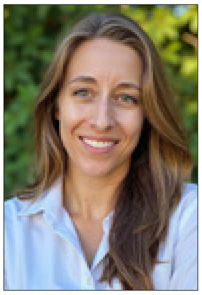
This KPI compares total gross profit to total fixed expenses and is a useful proxy for operational breakeven. A healthy ratio indicates that the store can cover overhead from gross profit alone, without relying on one-time gains. Fixed expenses typically include:

- **Personnel Costs:** Salaries, commissions, benefits.
- **Advertising:** Review ROI and customer acquisition cost.
- **Rent/Facility:** Fixed cost but should align with market norms.
- **Floorplan Interest:** Rising rates and inventory age can cause costs to escalate quickly.

The Road Ahead

Financial statements show where you have been. KPIs tell you where you are headed and whether your current trajectory is sustainable. Dealerships that review KPI trends monthly are better equipped to adapt and grow. If your reporting does not help you anticipate risk or pinpoint performance gaps, it may be time to revisit your metrics or the tools and partners you rely on to interpret them. A qualified financial advisor can help you build a strategy that supports more informed leadership.

HR Strategies to Enhance Service Dept. Productivity and Profitability



By Amy Robinson
CPA, Manager - Assurance Services at Withum

Following COVID-19, HR strategies remain a key discussion point, particularly flexible work arrangements. Research and debate on the topic continue to intensify, highlighted by the largest 4-day workweek trial in the UK, which starkly contrasts the ongoing announcements of 5-day Return to Office (RTO) mandates making headlines.

At the 2024 AICPA Dealership Conference, I was intrigued when Horace McCormick, CHRO and EVP of Anderson Automotive, shared that their dealerships had successfully implemented a 4-day workweek in 2019, well before the pandemic. Interestingly, their policy applies to all departments, both front and back operations. While the flexible arrangement initially caught my attention, I quickly realized it was just one aspect of their comprehensive HR strategy.

No extensive research or political pressure was needed – just a determined organization with visionary HR leadership and ownership support. Horace shared some insights into their approach:

Service as a Priority

The 4-day workweek concept in dealerships has been around for many years and has historically been driven by the need to attract and retain the best technicians. According to Horace, a major key to success is having enough volume in the service drive to support a 4-day workweek where the Service Managers and Directors handle scheduling. Technicians want to clock their hours and enjoy a good quality of life; however, without sufficient customer volume, the flexibility of a four-day workweek is not feasible.

By prioritizing service, Anderson Automotive ensures a steady stream of profitability in an industry where vehicle gross profit has displayed sharp volatility in the past five years. Anderson Automotive is not alone here. According to their 2024 Q4 and Full Year Financial Results Press Release, Sonic Automotive exceeded its hiring goal, adding 335 technicians during the period. This hiring push contributed to a 7% increase in same-store fixed operations gross profit, reinforcing how central technician growth is to their broader strategy.

BUSINESS OWNERS CAN DESIGN PROCESSES THAT ENHANCE EMPLOYEE RETENTION AND PERFORMANCE WHILE DRIVING OVERALL GROWTH AND PROFITABILITY.

What is unique about Anderson's approach is that, although initially driven by the service department, the 4-day workweek is ingrained throughout all departments in the store. "It's a culture and the standard," says Horace. Their service and sales departments remain open six days a week, requiring thoughtful scheduling.

The Ecosystem

Horace emphasized that a 4-day workweek alone will not attract and retain top technicians. "We also implemented an entire ecosystem around the four-day workweek."

This strategy included adjustments to benefits, such as a high-deductible health plan, a bonus program based on tenure and productivity, a leading apprenticeship program, and emotional intelligence training for fixed operations leaders. They maintain strong relationships with local tech schools, with events at Wake Tech attracting over 130 potential apprentices and Blue Ridge Community College, a National Community College of the Year finalist. Monthly company-wide recognition events celebrate employee milestones and achievements every first Friday since 2019.

Culture & Growth

"We have a culture of performance and caring, and that is how we lead every day," Horace said.

Anderson Automotive has refined this culture, making it the expectation for all employees and customers. Regarding growth, the dealership group has met or exceeded its goals since implementing this HR strategy in 2019. Regarding profitability, Horace confirmed that one of their most significant opportunities now is deciding where to add more service bays. Not a bad problem to have. The company has more than doubled in employees, revenue, and dealerships since 2019.

The key takeaway here is not that a 4-day workweek will address every performance challenge, but rather that a well-executed HR strategy can be a vital tool for leaders across all industries, not just in automotive. It demonstrates that business owners can design processes that enhance employee retention and performance while driving overall growth and profitability. It is also understanding that a job well done can be accomplished outside conventional hours and that neither time of day nor time of week will determine high performance, output efficiency, or excellent customer service.

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Executive Order Ending Disparate-Impact Liability May Impact Auto Dealers

By Attorneys Tom Vangel, Jamie Radke, and Lindsey McComber, Harris Beach Murtha Cullina PLLC

On April 23, President Donald Trump announced the passage of an Executive Order that will limit disparate-impact liability in federal discrimination cases. This Executive Order should be beneficial to auto dealers by causing regulators to rethink bringing claims against auto dealers for disparate-impact claims. The change in federal enforcement policies also should ease restrictions on auto dealers.

Disparate-impact liability describes a theory of discrimination in which a policy or practice that is neutral on its face is found to be discriminatory because it disproportionately negatively impacts members of a protected class. A party can be found liable under this theory even if their act or practice had no discriminatory intent.

The recently announced Executive Order, titled "Restoring Equality of Opportunity and Meritocracy", revokes prior presidential actions that approved of disparate-impact liability and directs all agencies to deprioritize enforcement of statutes and regulations that include disparate-impact liability. This Executive Order may impact auto dealers as they have faced scrutiny from federal agencies alleging that auto dealers and lenders have incentives to push interest rates as high as possible and charge more for add-ons throughout the car buying process. These agencies believe that these incentives can cause dealers to discriminate against legally protected classes of consumers.

Through the Executive Order, the President states that "disparate-impact liability all but requires individuals and businesses to consider race and engage in racial balancing to avoid potentially crippling legal liability." This, the President claims, "undermines our national values but also runs contrary to equal protection under the law and, therefore, violates our Constitution."

This Executive Order revoked certain actions from previous administrations including the presidential approval of Title VI regulations and demanded that the executive department and its agencies deprioritize enforcement of all statutes and regulations to the extent that they include disparate-impact liability. It also required that the Attorney General and the Chair of the Equal Employment Opportunity Commission assess pending investigations and civil suits that rely on a theory of disparate-impact liability. The Executive Order also will allow these agencies to evaluate settled cases and existing consent judgments that rely on theories of disparate-impact liability and take action consistent with the order and underlying policy.

Auto dealers have been under extraordinary federal scrutiny in recent years. The Federal Trade Commission, for example, has been cracking down on discriminatory car pricing as it attempts to protect consumers and achieve racial equity. In recent years the FTC has claimed the automotive industry requires vigorous scrutiny because consumers may be unaware that they have been a victim of discriminatory practices.

The FTC and other federal agencies have authority to police discrimination under several statutes including the Equal Credit Opportunity Act. The Equal Credit Opportunity Act prohibits discrimination based on race, religion, national origin, sex, or age in connection with credit transactions. In these actions, the FTC and the Attorney General have brought Equal Credit Opportunity Act claims based on the disparate-impact theory of liability alleging that dealers charged higher prices to certain consumers based on their race.

Regulators can allege disparate impact if a statistical analysis shows that certain dealership customers paid higher interest rates on auto loans arranged by dealers. In the past five years, the FTC has settled at least four cases that contained a disparate-impact allegation against a dealership.

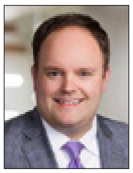
In its only current active case against a dealership, the FTC brought an action against Asbury Automotive Group Inc. claiming that its dealerships charged consumers for add-ons that they did not agree to and misled consumers into believing that these add-ons were required. It also alleged that three Texas Asbury dealerships charged Black and Latino customer more than its white customers. The FTC alleged that the Asbury dealerships arranged financing through third-party financing entities and routinely charged different customers varying prices for the same add-ons. This, the FTC alleged, caused drastic disparities in the prices charged to Black and Latino customers compared to their white counterparts.

The FTC also alleged that the Asbury dealerships' "policy and practice is to give their employees free rein to charge different prices for the same or similar add-ons, leading to statistically significant disparities." The FTC alleged that this "free rein" is unlawfully discriminatory and cannot be justified by a business necessity that could not be met by a less discriminatory alternative.

As a result of President Trump's April 23 Executive Order, FTC counsel subsequently requested approval from the FTC Board to remove the allegation of discrimination from the agency's case against Asbury Automotive Group Inc. Although the FTC Board has yet to formally rule on this request, it is clear that this Executive Order should be beneficial to auto dealers by causing regulators to rethink bringing claims against auto dealers for disparate-impact claims, and the change in federal enforcement policies should ease restrictions on auto dealers.

Nonetheless, dealers should be cognizant that, even though federal agencies will deprioritize enforcement of cases arising under a disparate impact theory, this does not affect state regulators and agencies that may pursue these claims. The Massachusetts Attorney General has pursued these claims in the past and will likely continue to do so. Massachusetts auto dealers also should be cognizant that this executive order does not change the potential for litigation brought by private parties for similar claims.

Pending Legislation Could Shift the Ground for Auto Dealers

By
Jeff Fritz, Esq.
and
Joshua Nadeau, Esq.
Partners, Fisher & Phillips LLP

This month, we are highlighting a series of proposed bills moving through the state Legislature that could, if enacted, significantly impact Massachusetts businesses, including auto dealerships. From expanded leave obligations to limitations on standard employment practices, here is a rundown of what is pending and what your dealership should be thinking about now.

Mandatory Harassment Training and Policy Overhaul (S.1295)

Employers are already prohibited from tolerating harassment in the workplace, but S.1295 proposes turning current best practices into state-mandated requirements. This bill would:

- Require all employers to adopt a detailed anti-harassment policy and distribute it to each employee;
- Mandate annual harassment training for all employees (with special requirements for interactive components, tracking participation, and record retention); and
- Require new hires to be trained within six months and promoted employees to be retrained.

Failure to comply would not create liability by itself, but it could be a factor in enforcement proceedings or litigation. If you have been treating harassment training as optional or "once and done", that approach will not hold up if this bill becomes law.

Cannabis and Pre-Employment Drug Testing (H.2179)

With cannabis legal in Massachusetts, this bill would prohibit most employers from using marijuana use as a basis for employment decisions. Specifically, the law would:

- Bar pre-employment marijuana testing except for safety-sensitive positions;
- Protect lawful off-duty marijuana use (including medical use), unless an employee is impaired during work hours; and
- Allow adverse action only if the employee is impaired at work or in violation of written policy.

For dealers who still rely on broad drug-screening programs, this bill would require a careful recalibration, especially in environments where client-facing professionalism is a must.

Paid Prenatal Leave (S.1361) and Infant-at-Work Policies (S.1304)

Two bills reflect a broader state push to support new parents in the workplace: S.1361 would mandate 24 hours of paid prenatal leave annually, plus 10 hours for partner support, and S.1304 would create an "Infant-Friendly Workplace Program," encouraging—but not requiring—employers to allow new parents to bring infants (aged 6 weeks to 6 months) into the workplace.

The prenatal leave proposal would apply to all employers and could create new tracking and administrative burdens. The infant-at-work bill is voluntary but comes with grant and tax incentive possibilities. It is an interesting model for retention, but one that may not be feasible or safe for dealership settings.

Bereavement Leave (H.2189 and S.1354)

Two separate bereavement bills would create a right to 10 business days of job-protected bereavement leave following the death of a defined family member. Employers would be allowed to decide whether that leave is paid or unpaid. Notably, employers with fewer than 10 or 25 employees (depending on the bill version) would be exempt. Still, for most dealerships, these bills would impose a new leave tracking obligation and require updates to written leave policies.

Limits on Arbitration, Non-Disclosure, and Waiver Provisions (S.1335)

Perhaps the most quietly disruptive bill of the bunch, S.1335 would make it illegal to require employees to waive any rights related to wage and hour claims, discrimination, retaliation, or harassment. This means standard arbitration agreements, jury waivers, or class action waivers could be void and unenforceable. Even offering such an agreement could create exposure. For employers who have built litigation prevention around these tools, this bill is worth watching closely.

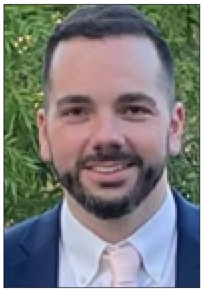
What Should Dealers Do Now?

While none of these bills are law yet, each is gaining traction and signals where the legislative winds are blowing. Here is what we recommend:

- Review your harassment training and policies now. Even if S.1295 does not pass this session, similar laws exist in other states and may soon come here.
- Audit your drug testing protocols. If you are still testing all applicants, consider whether the role justifies it and whether your policy is clear on marijuana use.
- Keep written job descriptions updated. This is critical if you want to defend a position as "safety sensitive" under cannabis or leave laws.
- Update employee handbooks and onboarding documents to reflect evolving rules on bereavement, prenatal leave, and paid leave entitlements.

We will continue monitoring these bills and providing updates in the months ahead. If you have questions about how any of these proposals may affect your dealership, feel free to reach out.

Do Not Settle for Automatic Warranty Labor Rate Increases – A Smarter, More Profitable Alternative



By Jordan Jankowski
COO, Armatus Dealer Uplift

As inflation continues to impact every corner of the retail automotive industry, many manufacturers continue to offer dealers CPI-based programs to automatically increase their warranty labor reimbursement rates each year.

At first glance, these CPI (Consumer Price Index) programs seem like an enticing offer. After all, the programs offer annual increases tied to inflation and relieve the burden of having to submit a warranty labor rate increase each year. However, most of the time, these programs will result in a much lower warranty labor rate than your customer pay rate. Before you sign on the dotted line, it is important to understand the real cost of settling for CPI and, more importantly, how state law may entitle you too much more.

The Catch with CPI-Based Programs

CPI-based programs give the manufacturer full control over the rate increase calculation. Historically, these programs yield only 2–3% increases annually, a modest adjustment that rarely keeps pace with the real-world cost of parts, technician wages, and service department overhead.

Even more concerning: Once you agree to participate in a CPI program, you may be locked out of pursuing a statutory labor rate submission for a period of time; some programs require as much as a 3-year commitment. Signing up is effectively waiving your right to pursue a more lucrative, data-driven rate under state law.

What is the Alternative? Statutory Labor Rate Submissions

Thanks to retail warranty reimbursement laws across the country, franchised dealers have the ability to submit for warranty labor rate increases based on their actual customer-pay rates. These statutory submissions consistently outperform CPI programs, and they put control back where it belongs, in the hands of the dealer.

> FRANCHISED DEALERS HAVE THE ABILITY TO SUBMIT FOR WARRANTY LABOR RATE INCREASES BASED ON THEIR ACTUAL CUSTOMER-PAY RATES

Every dealer should be evaluating whether it is advantageous to complete a factory or statutory labor rate submission annually; in nearly every case, a statutory submission is the dealer's best bet to get compensated at its retail rate. On average, dealers see increases in their labor rate that translate into tens—or often hundreds—of thousands of dollars in additional annual gross profit by submitting a statutory submission. These gains are available to dealers across virtually all major brands and are typically unattainable when enrolled in a CPI Program.

Why More Dealers Are Saying "No Thanks" to Automatic Increases

CPI-based programs are designed to appear convenient, but convenience often comes at a steep long-term cost. Here are why dealers are increasingly rejecting automatic increases in favor of statutory submissions:

- Larger Increases: Statutory rates reflect actual customer-pay averages, not arbitrary manufacturer formulas.
- Greater Profitability: Higher rates mean more gross per RO, better technician retention, and improved service absorption.
- Dealer Control: You, not the OEM, decide when and how to pursue your rate.

Make an Informed Choice – Your Bottom Line Depends on It

If you are being asked to opt into a CPI program this year, pause and evaluate your options. In most cases, a statutory labor rate submission yields significantly higher returns and safeguards your right to be fairly compensated for the work your team performs every day.

Choosing how you increase your warranty labor rate is not just a paperwork decision; it is a strategic one that directly impacts your dealership's profitability. Do not let convenience come at the cost of control or revenue. Before locking into a long-term CPI program, explore your statutory rights and understand what your customer-pay data truly supports. With the right guidance and a data-driven approach, you could be earning significantly more, month after month. At the end of the day, in most cases, the smarter path is the one that puts you, not the manufacturer, in the driver's seat.

Jordan Jankowski is the Chief Operating Officer at Armatus Dealer Uplift. He has played a key role in consulting on 21 warranty reimbursement laws across the country and is widely considered a subject matter expert in this highly technical arena. Jordan manages a team of over 60 people, who produces thousands of retail warranty reimbursement submissions each year.

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Exiting an Automotive Business – Mastering the CEPA Manage Phase

By Dave Clayman

CEO, Twelve Points Wealth Management

Exiting an automotive business—whether it is a dealership, body shop, or aftermarket operation—requires more than just putting up a "For Sale" sign or entertaining offers. A successful transition demands a disciplined, strategic process that minimizes risk, preserves value, and aligns with the owner's personal and financial goals. This is where the Manage Phase of the Certified Exit Planning Advisor (CEPA) methodology becomes essential.

Developed by the Exit Planning Institute (EPI), the CEPA framework helps business owners plan and execute value-focused exits using a structured, multiphase process: Discover, Prepare, Decide, and Manage. Each phase serves a specific purpose in guiding owners through the technical, operational, and emotional aspects of leaving their businesses.

The Manage Phase is the fourth and final stage; it is where plans evolve into action. It is about transitioning from strategy to execution and actively managing the business to ensure a smooth, value-preserving exit.

Shifting the Gears – Owner Dependency to Operational Independence

In the automotive industry, the business often revolves around the owner. You might be the one pricing trade-ins by feel, negotiating with wholesalers, pushing service teams for productivity, and maintaining crucial relationships with OEM reps or fleet clients. While this hands-on approach builds success, it also creates dependency—something that reduces transferability and perceived value to a buyer.

The Manage Phase aims to reverse that. You, the owner, move from driver to navigator, while key managers begin to assume day-to-day leadership. This includes establishing or reinforcing Standard Operating Procedures (SOPs) across your sales, service, and parts departments. Clear SOPs increase repeatability and predictability, which are critical factors for value growth in the CEPA model.

This phase also calls for a gradual but deliberate hand-off of relationships. Begin transitioning contact with OEMs, vendors, and fleet clients to trusted managers or successors. If the business is under franchise agreements, review any transfer clauses now. Franchise transfer stipulations often require OEM approval or carry specific restrictions; waiting until the eleventh hour invites disruption.

> **Whether your path leads to retirement, a new enterprise, or philanthropy, the time you invest now ensures your business—and your story—lives on, even after you have stepped away.**

Empowering the Next Generation of Leadership

If your successor is an internal leader—perhaps a family member, GM, or longtime employee—this is the time to build their confidence. Let them run meetings, engage with external partners, and make decisions. The CEPA methodology emphasizes human capital readiness. This includes evaluating whether your future leaders have the capacity and trust of the team to lead without you.

One CEPA best practice is creating a formal succession development plan. This includes performance metrics, coaching milestones, and opportunities to demonstrate leadership. Not only does this prepare your successor, but it signals to potential buyers or partners that the business can function smoothly without the founder at the helm.

Strengthening Financial Narratives

A clean set of books is a start, but the Manage Phase goes further. Buyers and investors want normalized financials that reflect the true economic value of the business. This involves removing discretionary owner expenses (e.g., personal vehicles, family salaries, non-operating travel) and aligning financial statements with industry norms.

For automotive businesses, key metrics to highlight include service and parts absorption rate; F&I gross per vehicle; floor plan interest management; warranty receivables cycles; and OEM incentive tracking and recognition.

You should also shorten close cycles and ensure reporting consistency across all departments. Your financial story needs to support a growth narrative and withstand buyer due diligence.

Driving Operational Sophistication Through Technology

Operational maturity is a key driver of business value, especially for buyers like private equity firms or regional consolidators. These groups do not want a business reliant on one individual; they want systems that scale.

In the CEPA model, this aligns with structural capital enhancement: strengthening the systems, data, and processes that sustain performance. For auto businesses, this includes:

A THOUGHTFUL TRANSITION LETS YOU EXIT WITH PEACE OF MIND, KNOWING YOUR EMPLOYEES, CUSTOMERS, AND REPUTATION ARE IN GOOD HANDS.

- A fully integrated Dealer Management System (DMS) that connects sales, service, finance, and parts;
- A modern Customer Relationship Management (CRM) tool for tracking engagement and referrals; and
- Digital service workflows that reduce paperwork, enhance efficiency, and improve customer satisfaction.

Sophisticated systems not only streamline operations but also provide the data visibility that buyers demand.

Emotional Readiness – A Crucial Piece of the Puzzle

The CEPA methodology recognizes that exit planning is not just technical; it is emotional. The Manage Phase addresses the personal and psychological readiness to let go. After all, this business may have been your life's work—your legacy, identity, and source of pride.

This phase is your opportunity to step back gradually. Instead of an abrupt departure, you test the systems, evaluate the team, and build your life post-exit, whether that means retirement, advisory roles, or new ventures. A thoughtful transition lets you exit with peace of mind, knowing your employees, customers, and reputation are in good hands.

CEPA advisors often use Owner Readiness Assessments to help clients process this part of the journey. These tools explore lifestyle goals, identity outside the business, and readiness to embrace a new chapter.

Leaving on Your Terms

Ultimately, the Manage Phase is where the rubber meets the road. It is about making your business more transferrable, more valuable, and more independent—the very cornerstones of CEPA's value acceleration approach.

When this phase is executed with intention, the result is an exit that is not just financially successful but emotionally fulfilling. Whether your path leads to retirement, a new enterprise, or philanthropy, the time you invest now ensures your business—and your story—lives on, even after you have stepped away.

By embracing the full scope of the CEPA methodology, you turn your transition into a transformation—one where your legacy is honored, your team is empowered, and your exit is truly on your terms.

Use Network Segmentation to Your Advantage

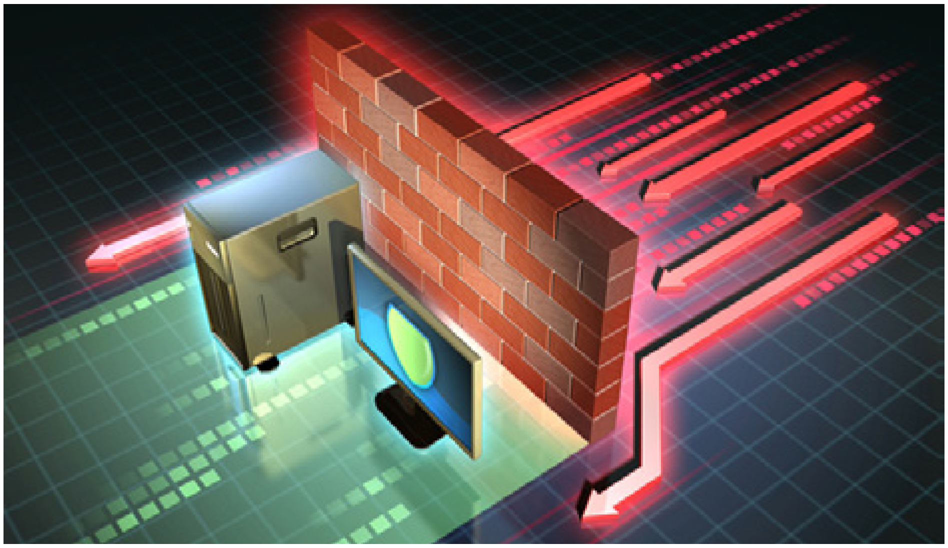
By Scott Spatz

CEO, Cooperative Systems

When most auto dealerships think about cybersecurity, they tend to focus on antivirus software, firewalls, and maybe even endpoint protection. But there is one powerful tool that is often overlooked: network segmentation. It could mean the difference between a minor annoyance and a full-blown operational disaster.

Imagine your dealership as a building with different rooms: sales, service, finance, and a guest lounge. Now imagine if every person in that building could walk freely into every room, even into the safe with sensitive documents. That is exactly what a flat network looks like: No walls, no locks, just open access for anyone or anything that gets in.

That is where network segmentation comes in. Network segmentation is the practice of dividing your IT network into separate "zones", each with its own set of permissions and controls. This limits access between systems, making it much harder for attackers, or even employees who click on something they should not, to move freely through your entire environment.



Why Dealerships Are Vulnerable

From cloud-based CRM tools and vehicle diagnostic systems to internet-enabled showroom displays and mobile POS systems, it is all tied together through your network. And while that is great for convenience and efficiency, it creates more room for an attacker to gain access.

Dealerships are especially vulnerable because many do not have dedicated IT teams or comprehensive cybersecurity protocols in place. Systems often grow over time without a clear structure, leaving gaps where threats can slip in.

We have seen situations where guest Wi-Fi, office computers, and finance systems all share the same network. That means if a customer's infected phone connects to your Wi-Fi or a service tech opens a phishing email, ransomware can move quickly encrypting customer records, locking down your DMS, or worse.

What Should Be Segmented?

At a minimum, you should separate guest Wi-Fi from your business network; IoT devices (smart TVs, thermostats, cameras, etc.); sales, service, and finance departments; and core systems like your DMS or CRM. Each of these segments can be restricted in terms of what they can "see" or communicate with. For example, your sales team does not need access to accounting systems. Likewise, service techs do not need to access customer credit data. By placing these zones behind virtual firewalls and access controls, you reduce the chances of lateral movement during a cyberattack. And that is huge.

Is This Complicated?

Not really. Most modern firewalls and managed service providers (MSPs) can set up segmentation using VLANs (virtual local area networks) and access control lists. You do not need to rip everything out and rebuild your network from scratch. Here's how to start:

- Separate your guest Wi-Fi today. It is low-hanging fruit and a huge risk if not done.
- Take inventory of all your connected devices; that includes everything from smart TVs to diagnostic equipment.
- Identify your highest-risk areas. Your finance office and DMS systems are priority #1.
- Partner with a provider who understands the automotive industry. You need someone who knows how your business runs and what systems are critical.

The Regulatory Angle

If you are paying attention to FTC Safeguards requirements, you already know that things are constantly changing on how non-public personal information (NPI) is stored and protected. Segmentation plays a significant role in showing auditors that you are doing more than the bare mini-

With segmented networks, you can better restrict access to sensitive data, log access attempts, and enforce stronger controls

mum. With segmented networks, you can better restrict access to sensitive data, log access attempts, and enforce stronger controls—all of which are aligned with compliance best practices.

Do Not Forget Vendors

Many dealerships work with outside vendors—remote support teams, DMS platforms, marketing companies, insurance reps, and more. These vendors may need access to your systems, but that does not mean they should have the keys to the whole building. With segmentation, you can grant vendors limited, temporary, or highly restricted access to just the areas they need—nothing more. If a vendor account is compromised, the breach does not automatically put your entire dealership at risk.

Cyberattacks are not a matter of if; they are a matter of when. Dealerships are increasingly on the minds of cybercriminals, and it is no longer just the big groups being targeted. Smaller, local dealerships are just as vulnerable—sometimes more so—because attackers know they are likely to have weaker defenses.

Network segmentation is not flashy. It is not a big-ticket security investment like a new firewall or AI monitoring tool. But it is one of the most practical and effective ways to contain a threat before it spreads. It limits the damage, isolates the attacker, and gives you the time and space to respond.

Need Help Getting Started?

If you are unsure how your dealership's network is currently structured or if it is something you have not revisited in a while, now is a good time to take a closer look. Even small changes, like separating guest Wi-Fi or isolating a few high-risk systems, can go a long way toward reducing your exposure.

You do not need to overhaul everything at once. Start with an honest assessment of where you are today and where you might need to tighten things up. Whether you work with an internal IT team or an outside partner, having a clear strategy around network segmentation is a practical step toward building a more secure dealership.

Strong cybersecurity does not have to be complicated. It just has to be intentional.

At Cooperative Systems, we specialize in helping auto dealerships secure their operations with practical, scalable solutions like network segmentation. We understand your systems, your vendor relationships, and your need to stay open for business.

Maximizing F&I Dollars Amid Compressed Front Grosses

By Jacob Newman
Ethos Group

The retail automobile industry is perpetually evolving, and recent years have been particularly dynamic. The industry has faced challenges such as the uncertainty of COVID-19, microchip shortages, and fluctuating interest rates, all amidst the rise of AI discussions. These unprecedented events have significantly impacted the industry.

The more frequently a consumer returns to the dealership after purchasing a vehicle and the better the dealership does of addressing their concerns, the higher the likelihood of the customer returning for future purchases.

A recent challenge that has resurfaced is the compression of gross profit on automobile sales. This is not the first, nor will it be the last, time we encounter profit reductions. Several factors contribute to this trend: replenished inventory levels offering customers more choices, fluctuating interest rates, and new tariffs whose impacts are still being assessed. Additionally, overall consumer sentiment in the market plays a significant role.

Given these set of circumstances, the profitability of the finance department is crucial. Increased finance production significantly impacts the overall health of the retail automotive dealership. Consider this: Is it easier to improve finance production by a few hundred dollars per transaction or to increase unit sales by 15%-20%? Increasing unit sales requires more resources and additional expenses. In contrast, enhancing the finance program's value proposition by just $5 per transaction can yield substantial income. For instance, a $5 increase per transaction over an average term of 60 months generates an additional $300 in revenue per automobile sold.

This increased production can be a lifeline for a a dealership that is struggling with profitability. However, when evaluating the profit generated by the F&I department it is essential to adopt the correct perspective. The finance department should prioritize customer satisfaction and high-retention products that encourage repeat visits to the dealership's service department.

The more frequently a consumer returns to the dealership after purchasing a vehicle and the better the dealership does of addressing their concerns, the higher the likelihood of the customer returning for future purchases. Repeat and referral customers are crucial for the survival of dealerships during challenging market conditions, such as the Great Recession. These dealerships thrived due to a loyal customer base that consistently chose their services over competitors.

While the profit generated by the finance department is vital for the financial statement, it is even more critical for the long-term stability of the dealership. Profit is not the primary goal; rather, it reflects the effectiveness of the dealership's processes and the execution by team members. When the team collaborates to enhance the value of products sold in the finance department, we achieve greater success in selling those products. Consequently, the better the consumer experience, the more likely they are to return to the dealership for future purchases.

For more information on how Ethos Group can help your dealership develop more leaders in your F&I office, sales management tower, and your sale's floor in 2025, please contact Drew Spring at dspring@ethosgroup.com or (617) 694-9761.

Four Steps to Create a Culture of Compliance

By Ben Haile

SHRM-SCP, Ethos Group Compliance Solutions

The automotive industry is changing, and you need the right culture to adapt and thrive. Historically, compliance has taken a backseat to performance metrics and customer satisfaction scores, but we have learned that a compliant culture improves profits and CSI. Failing to prioritize compliance exposes dealerships to serious legal, financial, and reputational risks. Cultivating a culture of compliance is not just a box to check. It is a strategic decision that protects your business now and into the future.

1. Lead from the Top

Leadership sets the tone. When Owners, General Managers, and department heads consistently model compliant behavior, employees are far more likely to follow suit. This includes everything from following HR procedures and holding employees accountable, to properly disclosing terms in the finance office. Leaders must actively promote ethical conduct, be transparent about expectations, and ensure all employees do the same.

2. Accessible and Understandable Policies

Compliance is complex; employment law, cyber compliance, OSHA requirements, environmental regulations, and consumer protection laws can leave employees confused and unsure what to do. Ensure that your policies and procedures stay up to date, are written in plain language and made available to the people that need them. Using an online platform makes it easy to get the information to all employees starting on the first day. Having a few generic templates in your filing cabinet does not build a compliant culture.

3. Inspect and Engage in Person

Starting with online training is great, but it should not end there. Require ongoing, role-specific education that is engaging and practical. Regular refreshers and real-world scenarios help reinforce key principles and keep compliance top-of-mind. Inspect your operations to ensure the policies are being followed. When they are not, engage your employees with in-person training that is tailored to specific areas that need improvement.

4. Communication Is A Two-Way Street

A true culture of compliance empowers employees to speak up when something seems off. Use vetted third parties to create anonymous reporting channels and ensure there is no retaliation for raising concerns. Investigate all reports fairly and consistently and take appropriate action based on the results of your investigation. This step is often missed, and it makes all the difference: Proactively connect with your people to find and fix the "sparks", so that you do not have to fight the "wildfire."

Generational success is built by a strong, healthy compliant culture. With these four steps you will be on your way to building a resilient culture for your dealership.

For more information on how Ethos Group Compliance Solutions can assist in creating a culture of compliance at your dealership in 2025, please visit www.egcs.com.

New Light-Vehicle Sales Ease Up in May, After Accelerating in March and April

New light-vehicle sales slowed to a 15.7-million-unit SAAR in May 2025, following back-to-back months where the SAAR clocked in above 17 million units. The May sales results fell back in line with pre-tariff expectations. J.D. Power estimates an additional 149,000 vehicles were purchased in March and April 2025, as consumers pulled ahead purchases to avoid tariff-related price impacts. While it is likely there were still some pull-ahead sales in May 2025, it appears the pre-tariff surge in new-vehicle sales has ended. We expect such pull-ahead purchases will result in lower monthly sales later in the year.

New-vehicle production has fallen slightly in the months following the vehicle tariff announcements. Those production declines, coupled with the strong sales pace in March and April 2025, represented the first year-over-year decline in new-vehicle inventory since June 2022. At the start of May 2025, the number of new light-duty vehicles on the ground and in transit to dealer lots was 2.62 million units, a decline of 4.1% year-over-year. New-vehicle inventory likely will cool even more once final May 2025 data are available. With solid vehicle demand and a tighter supply of new vehicles in May, OEMs have been under less pressure to incentivize sales with discounts. According to J.D. Power, average incentive spending per unit is expected to total $2,563 in May 2025, a decline of $200 compared to April 2025 and down $143 year-over-year.

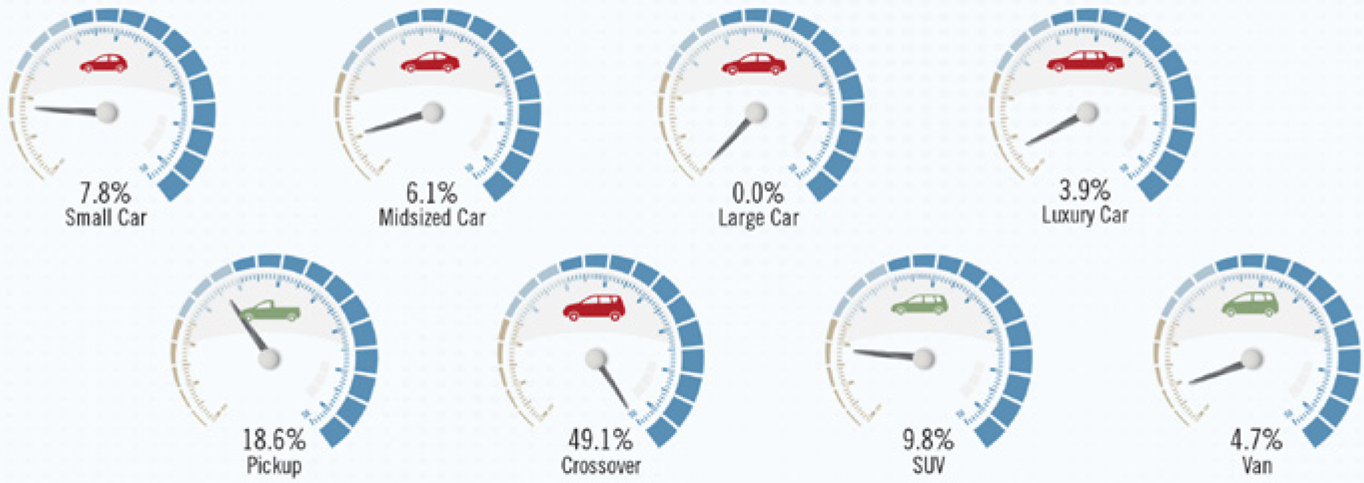
In the coming months, we expect all OEMs to be affected by the tariffs on imported vehicles and parts, although the cost impacts will be much greater for some OEMs than others. So far, each OEM has been taking its own strategy when dealing with the cost increases, but the burden of these increases will be borne by OEMs, dealers, and consumers alike. Exactly how much each OEM will be affected remains to be seen as the higher costs work their way through the vehicle-supply chain. Our outlook for new light-vehicle sales in 2025 has been lowered to 15.3 million units.

U.S. Light-Vehicle Sales

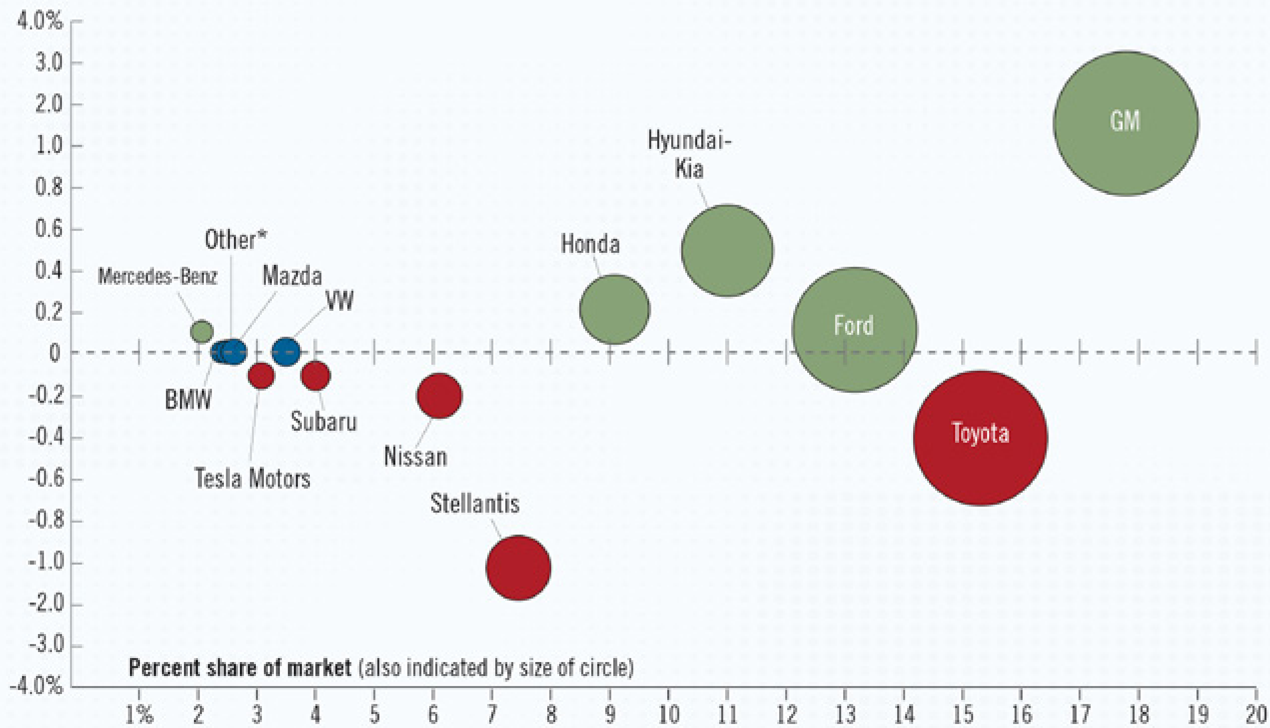
(Seasonally Adjusted at Annual Rates)

	May 2025	Y/Y %	Jan - May 2025	YTD/YTD %
Total Car	2.58M	-12.2%	2.89M	-3.0%
Total Light Truck	13.07M	1.5%	13.58M	7.1%
Domestic Light Vehicle	12.14M	-1.2%	12.57M	3.7%
Import Light Vehicle	3.50M	-1.1%	3.91M	10.5%
Total Light Vehicle SAAR	15.65M	-1.1%	16.48M	5.2%

Market Share, by segment



Market Share, by manufacturer



*Other is Jaguar/Land Rover, Lucid, Mitsubishi, Rivian, Volvo

Gain   No change   Loss
All figures are year to date/year-to-date changes.

Put the Brakes on Tariffs and Save American Jobs

By Cody Lusk

President & CEO, American International Auto Dealers Association

TARIFFS MAY PLAY A ROLE IN AMERICA'S EVOLVING APPROACH TO FOREIGN POLICY, BUT IT IS VITAL THAT ALL TRADE BARRIERS BE TARGETED AND CONSISTENT.

If you spend enough time in Washington, D.C., you quickly learn that conflicts over policy are rarely black and white. Every issue has its supporters and detractors, and they can usually make a compelling case for their particular stance. That is why the ability to negotiate and find a middle ground is so important in a democracy like ours. It is also why members of AIADA, an organization based on the principles of global trade, have been open-minded in the face of the Trump Administration's push for more and increased trade barriers.

It would be disingenuous for anyone, even international nameplate automobile dealers, to claim tariffs should play no role in America's global relationships. We acknowledge that targeted trade barriers can, at times, serve as a useful tool in ensuring our national security and economic health. President Trump has been unwavering in his belief that more tariffs will benefit regular Americans, and in November voters gave him a mandate to turn his words into actions.

As an association, AIADA is not prone to antagonism. We are always looking for ways to open lines of communication and engage with lawmakers of all positions, on all approaches to trade policy. However, it has become clear that politicians in Washington have an incomplete picture of how cars are built and sold in today's highly globalized and price-sensitive auto industry.

First, so-called "foreign" brands are deeply invested in the United States. At AIADA, we represent 9,400 international nameplate dealers who collectively employ over 560,000 Americans with a payroll of $48 billion. Our members sell and service cars built by global companies like Toyota, Honda, Volkswagen, and Hyundai. These companies have invested over $107 billion in U.S.-based operations, supporting manufacturing plants in states like Kentucky, Texas, Alabama, and Ohio. Our brands contributed $328 billion to the U.S. GDP in 2023 and generated $47.7 billion in tax revenue. International automakers have increased their U.S. production by more than 85 percent over the past 25 years. This is a slice of the American auto industry that is growing and driving job creation from coast to coast.

Additionally, affordability is a rising challenge for our industry. The average cost of a new vehicle currently hovers around $50,000, and that puts pressure on used car prices as well. According to Cox Automotive, auto affordability in April 2025 was at its second-lowest level in over a decade. The average monthly car payment now tops $750, and that figure will continue to climb if automakers are forced to raise prices to pay for tariffs on steel, battery components, and imported models.

AIADA has a responsibility to our members, their employees, and their customers to educate policymakers on these issues and the many other ways tariffs impact the final sticker price of a car, as well as the cost of the materials, parts, and labor involved in its production. And, unfortunately, the ripple effect of tariffs will not stop there. Unpredictable trade barriers will also have a chilling effect on long-term planning, hiring, and investing in the United States.

It is time politicians stop talking about our industry and start listening to us. Through a new website and nation-wide advertising campaign at www.SaveAutoJobs.com, AIADA is seeking to raise awareness of the positive impact our industry has on the American economy, and the potentially devastating influence tariffs will have on American jobs and auto affordability. We are determined to be the voice for our industry on this issue and to shift the national conversation from hyperbole to reality.

Trade policy should be a scalpel, not a sledgehammer. Tariffs may play a role in America's evolving approach to foreign policy, but it is vital that all trade barriers be targeted and consistent. U.S. trade negotiators must be focused on rational, negotiated solutions with our allies that will benefit all Americans and help our economy thrive.

By Scott Pearson

Chairman, American Truck Dealers

Scott Pearson is owner and president of Peterbilt of Atlanta.

Dealers, ATAEs Lobby Congress During Annual D.C. Fly-In

On June 3-4, ATD held its annual fly-in to Washington, D.C., for truck dealers and their state dealer association executives to lobby their Members of Congress on our pending issues. Below is an op-ed I penned that *Transport Topics* published on June 23.

ATD Drives Concerns Directly to D.C.

Practical Laws Benefit Truck Dealers as Group Celebrates Legislative Wins

Earlier this month, nearly 100 representatives of medium- and heavy-duty truck dealers from across the country gathered in Washington for the annual American Truck Dealers Legislative Fly-In. Attendees met with lawmakers and advocated for common-sense federal policies that support the trucking industry. ATD's message to lawmakers was clear: Any legislation coming out of Washington must be practical and feasible.

While trucking faces several challenges, there was one significant reason to celebrate. Last month, both chambers of Congress passed legislation that overturns California's unworkable Advanced Clean Trucks rule, which seeks to eventually ban the sale of new diesel trucks in certain states, and the costly Omnibus low nitrogen oxides rule. This vote represented a tremendous victory for America's truck dealers and their customers. Our cause for celebration was further enhanced when President Donald Trump recently signed these important resolutions into law.

For years, America's truck dealers have sounded the alarm about the California EV truck sales mandate. California truck dealers have already experienced, on average, a 50% reduction in 2024 of diesel truck sales versus 2023 due to truck rationing and the lack of a zero-emission vehicle truck market. Truck dealers in California and other states were already unable to meet their customers' truck purchase needs. With Trump signing the resolutions, truck dealers in states that adhere to standards like the ones promulgated by the California Air Resources Board will be able to work closely with their customers to provide them with the best trucks to support their operations, while more work in California is required.

Other challenges persist. The Environmental Protection Agency under the Biden administration issued its "GHG Phase 3" rule last year, which mandates that truck manufacturers increase the percentage of ZEVs they sell each year. With America lacking a national commercial vehicle charging and alternative fuel network, the adoption of heavy-duty ZEV rules is impractical. Rep. Troy Balderson (R-Ohio) and Sen. Bernie Moreno (R-Ohio) have introduced H.R. 2814 and S. 711 to repeal the EPA's Phase 3 rule to stop the partial banning of diesel trucks and restore national greenhouse gas and emissions standards that align with achievable technological development schedules. ATD members are rallying support behind these common-sense bills and are urging their congressional representatives to co-sponsor these bills.

Another continued top priority is the repeal of the federal excise tax. The century-old 12% FET is the highest excise tax, on a percentage basis, that Congress levies on a product, which increases costs by more than $20,000 for new heavy-duty diesel trucks and over $50,000 for electric and hydrogen fuel cell trucks. Repeal of the FET would immediately accelerate fleet turnover, resulting in significant safety and environmental benefits.

America's truck dealers have a voice — and it's a strong one. However, our work is not yet done. The trucking industry is what moves America's economy — but first we need sensible regulation and reasonable taxation.

ATD 2025 Legislative Priorities

1. Overturn EPA's "GHG Phase 3" Rule:

Last year, the EPA issued its "GHG Phase 3" rule, which requires truck manufacturers to annually increase the percentage of ZEVs they sell. By model year 2032, truck makers must manufacture 60% ZEVs for light-heavy vocational vehicles; 40% ZEVs for medium-heavy vocational vehicles; 30% ZEVs for heavy-heavy vocational vehicles; 40% ZEVs for day cab tractors; and 25% ZEVs for sleeper cab tractors. Last year, only 0.3% of commercial vehicle sales were ZEVs.

The U.S. lacks a national commercial vehicle charging and alternative fueling network, which makes the adoption of heavy-duty ZEVs impractical. A study released by the Clean Freight Coalition found that electrifying the U.S. commercial truck fleet would cost nearly $1 trillion in infrastructure and grid network upgrades to meet demand. Additionally, the GHG Phase 3 rule estimates that in seven years an electric medium/heavy-duty vocational vehicle will cost only $15,000 more than a comparable diesel vehicle. However, today the cost difference between these vehicles is approximately $258,000.

H.R. 2814/S. 711, introduced by Rep. Troy Balderson (R-Ohio) and Sen. Bernie Moreno (R-Ohio), would repeal Phase 3 and require new greenhouse gas standards that are economically practicable and technologically feasible. To preserve customer choice, Members of Congress are urged to cosponsor H.R. 2814/S. 711 to stop the partial banning of diesel trucks.

2. Repeal the Federal Excise Tax on Heavy-Duty Trucks:

The outdated 12% federal excise tax (FET) on new heavy-duty trucks and trailers is a major barrier to fleet turnover and modernization. First enacted in 1917 to help fund World War I, the tax routinely adds $22,000 or more to a new heavy-duty diesel truck, and $50,000 to an electric or hydrogen fuel-cell truck. New federal emissions and fuel economy mandates have added nearly $40,000 more to the cost of a truck.

New trucks have made significant environmental gains, such as reducing nitrogen oxide and particulate matter emissions by at least 98%. The FET remains a costly barrier to the purchase of new trucks equipped with the latest environmental technologies. With 39% of the Class 8 trucks on the road today using pre-2010 engines, FET repeal would immediately accelerate fleet turnover and result in major safety and environmental benefits.

Last Congress, ATD and eight trucking organizations urged congressional leadership to pass the bipartisan FET repeal bill. Members of Congress are urged to cosponsor H.R. 2424 to incentivize the replacement of older trucks with newer, safer, and cleaner trucks.

3. Oppose So-Called "Right to Repair" Legislation

Advocates for "right to repair" legislation claim that independent vehicle repair shops do not have access to the parts or data necessary to repair vehicles. However, this concern was rectified years ago, and the information independent shops need to repair vehicles is available from every truck manufacturer.

Unlike previous "right to repair" bills, the REPAIR Act (H.R. 1566/S. 1379) has little to do with repairing a vehicle. Instead, the bill would compel truck manufacturers to provide any "aftermarket parts manufacturer" the information necessary "to produce or offer compatible aftermarket parts," i.e., parts not made by the truck manufacturer. This legislation would also give any third party unfettered access to data from vehicles, which raises privacy, vehicle security, and safety concerns.

The bill is also overly broad as it regulates heavy-duty vehicles the same as light-duty vehicles. Members of Congress are urged not to cosponsor H.R. 1566/S. 1379.

4. Support Catalytic Converter Anti-Theft Bills

Law enforcement groups support federal legislation to give them the tools to fight catalytic converter theft, which has risen by nearly 900% between 2019 and 2023. There is a lucrative market for stolen catalytic converters since they are hard to trace, and these thefts are costing millions of dollars for both businesses and vehicle owners.

Heavy-duty diesel trucks are also vulnerable to theft of their emission control devices known as diesel particulate filters (DPF) and diesel oxidation catalysts (DOC), which contain the same precious metals that attracts thieves to steal catalytic converters.

Last Congress, NADA and 120 other organizations supported the bipartisan PART Act (H.R. 621/S. 154) that would require new vehicles to have unique, traceable numbers on catalytic converters. The bill also establishes a federal penalty for stealing, selling, trafficking or knowingly buying stolen emission control devices.

Members of Congress are urged to become an original cosponsor of the bipartisan "Preventing Auto Recycling Theft Act" (PART Act), expected to be reintroduced by Rep. Jim Baird (R-Indiana) and Sen. Amy Klobuchar (D-Minnesota), which would assist law enforcement to combat the theft of emission control devices by marking these parts and creating a more transparent market that deters their theft.

Trucking Organization Challenges CARB's Clean Truck Partnership with OEMs

Commercial Carrier Journal

The Western States Trucking Association has filed a petition with California's Office of Administrative Law (OAL) challenging the Clean Truck Partnership (CTP) between the California Air Resources Board (CARB) and truck manufacturers.

In the wake of Congress disapproving of the Environmental Protection Agency's waivers for CARB's Omnibus Low-NOx and Advanced Clean Trucks. (ACT) regulations, WSTA believes CARB cannot require manufacturers to comply with the CTP, as CARB no longer has authorization from the EPA to enforce the Omnibus and ACT regs.

WSTA's petition claims that the CTP "is an improperly adopted 'regulation' under California's Administrative Procedure Act (APA)" that "applies generally to all manufacturers of internal-combustion powered on-road heavy-duty trucks and engines and requires those companies to follow CARB regulations even when those regulations have no federal authorization."

The organization says that an OAL determination on the legality of the CTP "is of vital public interest and importance to all Californians, and it is necessary to ensure that stakeholders can publicly participate in the development of rulemaking that impacts heavy-duty truck and engine availability and prices in California."

Since the passage of the Congressional Review Act disapprovals, CARB has indicated that it will still hold manufacturers to the CTP. Because of this, WSTA says CARB is treating the CTP as a regulation that is subject to the Administrative Procedure Act.

"Framing the CTP as a contract with private parties does not exempt the CTP from being a regulation of general applicability subject to the APA," WSTA said. "Both California law and general principles of administrative law dictate that a government agency may not use an agreement with a regulated party to avoid the APA requirements associated with rulemaking."

In contending that the CTP is actually a regulation rather than just an agreement, WSTA said CARB didn't follow APA procedures in promulgating the CTP, including filing a copy with the Secretary of State of California and providing notice and the opportunity for public comment.

Transportation Chief Moves to Reverse Fuel Economy Standards

Action Aligns with Administration's Efforts to Slash Federal Support for EVs

By Alexa St. John and Matthew Daly

The Associated Press

Transportation Secretary Sean Duffy said in a rule June 6 that Biden-era fuel economy standards for gas-powered cars and trucks are illegal and moved to reverse them, paving the way for a likely reset of rules.

Combined with Senate language in the pending budget bill to eliminate penalties for exceeding standards regulating how far vehicles must travel on a gallon of fuel, automakers moving forward could come under less pressure from regulators to reduce their pollution. Ultimately, the nation's use of electric vehicles could be slowed.

The moves align with the Trump administration's ongoing efforts to slash federal support for EVs. President Donald Trump has pledged to end what he has called an EV "mandate," referring incorrectly to former President Joe Biden's target for half of all new vehicle sales to be electric by 2030. EVs do not use gasoline or emit planet-warming greenhouse gases.

No federal policy has required auto companies to sell — or car buyers to purchase — EVs, although California and other states have imposed rules requiring that all new passenger vehicles sold in the state to be zero-emission by 2035.

When he was in office, Biden imposed increasingly stringent emissions standards for cars and trucks. He included use of EVs in calculating the rules — an inclusion the Trump administration and the auto industry have argued was illegal and raised the bar too high for automakers to meet.

The Transportation Department's memorandum on June 6 said the previous administration "ignored statutory requirements" that barred consideration of EVs when setting standards.

"We are making vehicles more affordable and easier to manufacture in the United States," Duffy said.

The revised rule does not itself change existing standards, but it empowers the National Highway Traffic Safety Administration to make adjustments in coming months. Duffy put pressure on the federal agency earlier this year to reverse the fuel economy rules as soon as possible.

Under the Biden administration, automakers were required to average about 50 miles per gallon of gas by 2031 — up from about 39 miles per gallon for light-duty vehicles today — in an effort to save almost 70 billion gallons of gasoline through 2050.

The rules, finalized in 2024, increased fuel economy 2% per year for passenger cars in every model year from 2027 to 2031, and 2% each year for SUVs and other light trucks from 2029 to 2031.

Mileage rules — in place since the 1970s energy crisis — work alongside the EPA limits on vehicle greenhouse gas emissions. Transportation accounts for the largest source of the nation's planet-warming emissions, and cars and trucks make up more than half of those.

In recent years, automakers have been manufacturing gasoline-fueled cars that are more efficient and get higher mileage.

The Alliance for Automotive Innovation, which represents automakers, called Duffy's announcement "a positive development" that adds "important clarity" to federal mileage rules.

The Biden-era standards "were 'improperly predicated' on alternative fuel vehicles," said John Bozzella, the group's president and CEO.

But Katherine Garcia, director of the Sierra Club's Clean Transportation for All program, said the Transportation Department's action will increase costs for Americans and increase pollution.

"Making our vehicles less fuel-efficient hurts families by forcing them to pay more at the pump," she said. "It will lead to fewer clean-vehicle options for consumers, squeeze our wallets, endanger our health and increase climate pollution."

Meanwhile, Republicans on the Senate Commerce Committee added proposed language to the pending budget bill June 5 that would remove fines penalizing automakers that don't meet fuel economy standards with their gas-powered vehicles.

Automakers can buy regulatory credits under a trading program if they don't meet the standards. EV makers like Tesla, which don't rely on gasoline, earn credits that they can sell to other carmakers. The arrangement has resulted in billions of dollars in revenue for Tesla and millions for other EV makers like Rivian. The memo and bill text landed as Tesla owner Elon Musk and Trump engage in a public spat online, with Trump suggesting that Musk "only developed a problem" with his budget bill because it rolls back tax credits for EVs. Musk disputes that.

Truck Units of Toyota and Daimler Reach Merger Deal

The Associated Press

The truck divisions of Japan's Toyota and Daimler of Germany have agreed to merge to form "a new strong Japanese truck powerhouse" to work together in vehicle development, procurement and production.

Details, including the scope and specifics of the collaboration, were still undecided. But Hino Motors and Mitsubishi Fuso Truck and Bus Corp. plan to form a listed holding company by April 2026. A tentative such deal was announced two years ago.

Under the integration, which will be "on an equal footing," Daimler Truck and Toyota Motor Corp. will each own 25% of the holding company. The Tokyo-based holding company will own 100% of Mitsubishi Fuso and Hino and list on the Tokyo Stock

Exchange. The chief executive will be Karl Deppen, now CEO of Mitsubishi Fuso, a division of Daimler Truck AG.

"Today is a great day for all our stakeholders. We are shaping the industry by bundling our strengths," Deppen said. "With a strong new company, we combine our two trusted brands, our resources, competencies and expertise to even better support our customers in their transportation needs in the future."

The new company, which still needs approval from boards, shareholders, and regulatory authorities, will employ more than 40,000 workers. The companies share the common desire to work on future commercial vehicles, strengthening the auto industry in Japan and Asia, and work on ecological innovation, including the use of hydrogen energy, the companies said.

Toyota Chief Executive Koji Sato expressed hopes the companies working together will contribute toward building a better future.

"Today's final agreement is not the goal but the starting line. Our four companies, aiming to achieve a sustainable mobility society, will continue to create the future of commercial vehicles together," he said.

Collaboration and the pooling of resources, including money, are becoming widespread in the auto industry, as pressures grow to develop various technology in ecology, autonomous driving, connectivity, and safety. And scale can help reduce costs and boost competitiveness.

What's Next for Electric Trucks? Industry Cautious as Regulatory Shifts Stall Adoption

By Steve Brawner, *Transport Topics*

The ongoing rollback of commercial vehicle emission regulations under the second Trump administration has created uncertainty in the emerging battery-electric truck market. Manufacturers continue to produce their latest electric models and invest in the technology, but many fleets remain hesitant.

Robert Braswell, executive director of American Trucking Associations' Technology & Maintenance Council, said before President Donald Trump returned to the White House, the industry had a great deal of interest in electric vehicles, largely driven by regulations.

"Once the winds shifted in the regulatory front, that interest seems to have waned," he said. "I think the general story that we hear anecdotally is that if it's going to be mandated, yeah, you've got to comply with the rules."

Braswell contends that slow adoption rates could be due to fleets struggling to find a viable return on investment. "If it doesn't make sense for my application, adoption is something we're not going to do unless we absolutely have to do," he explained.

Trump's day-one executive order, "Unleashing American Energy," set in motion a plan to eliminate electric vehicle mandates and promote "true consumer choice" while reconsidering Biden-era subsidies that support EV adoption.

The EO directed the Environmental Protection Agency to reconsider its climate change endangerment findings in 2009. If overturned, greenhouse gas emissions would no longer be considered pollutants and no longer would be regulated by EPA under the Clean Air Act.

In May, Congress voted to nullify waivers that allowed California to set its own stricter vehicle-emission standards, including lower nitrogen oxide emission limits and the Advanced Clean Trucks rule, which has required medium- and heavy-duty truck manufacturers to sell increasing percentages of zero-emission vehicles through 2036.

The changes mean fleet managers and their partners "have moved into a phase of peak uncertainty," according to The State of Sustainable Fleets 2025 Market Brief, a report by environmental consulting and energy engineering firm TRC Cos.

ATA has applauded the regulatory changes

"The Advanced Clean Truck rule was really setting the industry up for failure," said Patrick Kelly, ATA's vice president of energy and environmental affairs. "There's just not the infrastructure or the ability for trucking fleets to adopt that many electric trucks."

Kelly said fleets likewise support what the administration and Congress are doing. Most fleets that have introduced battery-electric trucks are operating only a few of those vehicles and need a return on investment to justify the purchase.

Kelly said uncertainty remains about how EPA will proceed and about its authority to regulate greenhouse gas emissions. ATA would like to work with the U.S. Department of Transportation to develop achievable, cost-effective fuel economy standards.

The federation expects some states will try to incentivize or mandate electric trucks, but the industry needs a uniform national standard so fleets know they can purchase a truck anywhere and use it everywhere. Kelly said electric trucks show promise but continue to have range and infrastructure limits. Washington should "use carrots, not sticks" to encourage and incentivize adoption, he said.

"We don't oppose electric trucks," Kelly said. "At the end of the day, what we oppose is forcing fleets to adopt electric trucks before the market is ready and before there's a way to recoup the additional cost that's associated with purchasing and operating an electric truck."

OEM Plans

While the federal government is reversing its support of electric trucks, other factors will continue to encourage or require adoption, TRC Cos.' report said.

Seventeen states and Washington, D.C., have signed a memorandum of understanding to promote adoption of zero-emission commercial trucks. More than 600 state and local programs totaling more than $13.5 billion in funding remain available for zero- and near-zero emission projects. TRC expects the number of charging ports at shared medium- and heavy-duty hubs to nearly triple this year to 1,500. Utilities are instituting "flexible interconnect" programs letting fleets access power earlier in a project's life cycle.

The report predicted investors and companies will seek returns on their investments. Companies have invested billions of dollars, supply chains have been formed, and charging infrastructure is being developed. Walmart said in the report that it had deployed more than 1,200 battery-electric vehicles for last-mile delivery, reducing its total cost of ownership compared with gasoline-powered vehicles.

"While the policy shifts have injected uncertainty and slowed momentum, they are more likely recalibrating the pace of fleet electrification rather than fundamentally changing its direction," the report said.

OEMs Continue to Invest in Battery Technology

Daimler Truck North America, maker of the heavy-duty Freightliner eCascadia and other electric models, is pushing forward with its product development plans, a company spokesperson said. "All previously communicated plans remain unchanged," the statement said. "We are committed to adhering to the requirements established by the EPA and will continue to develop our product strategy in alignment with these standards, providing a robust lineup of engines that meet both GHG and NOx regulations."

Volvo Group North America is investing in battery-electric, hydrogen fuel cell electric and combustion engine vehicles "regardless of the pace of regulatory change," said John Mies, vice president of communications. "Customers are understandably more hesitant to invest in electric trucks in this period of regulatory uncertainty," he said, "but we still believe zero-emission technology will have a prominent place in the future of trucking."

At the 2025 Advanced Clean Transportation Expo in April, Dan Priestley, senior manager of the Tesla Semi program, said his company is "charging forward" and remains committed to producing the battery-electric Class 8 model at full scale in 2026. Tesla is building a 1.7 million-square-foot factory in Reno, Nevada, with a capacity of 50,000 units annually.

At the same event, Mack Trucks said the order book for a battery-electric version of its new Pioneer Class 8 tractor will open in 2026. It will be available in day cab or 44-inch short sleeper configurations.

Peterbilt Motors Co. unveiled its updated 579EV for drayage and regional on-highway applications, and the new 567EV serving the vocational market. "Obviously there's some uncertainty in terms of the regulatory [environment]," said Erik Johnson, Peterbilt's assistant general manager of sales and marketing. "We're on a path and we're going to continue on the path, and for us it's just a matter of if we have to move side-to-side a little bit."

Kenworth Truck Co., meanwhile, launched a revamped version of its T680E with deliveries scheduled to begin later in 2025, as well as its first Class 8 battery-electric vocational truck, the T880E.

Industry Response

Mike Roeth, executive director of the North American Council for Freight Efficiency, doesn't expect the industry to stop developing electric trucks. Most people in the industry are convinced that electric trucks are coming, although some don't think it will happen in the heavy-duty space, he said.

The change in the regulatory environment could affect adoption, Roeth said, adding that manufacturers may slow their efforts and work on other programs if they aren't required to sell electric trucks.

"I think what I'm hearing out there is that [fleets] are not ready to do any more, particularly if there aren't the incentives that we had for the first round of purchases, so they're pausing it and cautious," he said. "But they see the opportunity. They see that it's literally a better truck. It just needs to be fine-tuned with more adoption and so forth."

However, Roeth said a business case exists for smaller vehicles that can charge overnight, such as delivery vans. He said electric trucks offer reduced operating costs, and some shippers want carriers to use them and might pay a small rate increase. "Anything that's a medium Class 6 box truck up to Class 8, there's not really a business case right now for it," he said.

Roeth said a pause in regulations could give the industry time to find those business cases. He expressed concern about what happens if the industry pauses too long, causing EV technology to be re-engineered.

"If we just kick the can down the road and don't do anything, and then later on, we're back in the same boat, I think we'll have kind of failed as an industry," he said.

TMC's Braswell said fleets will adopt a new technology if it helps them make money. Most new emissions regulations since the early 1990s have been accompanied by fuel economy improvements. He is seeing growing interest in renewable diesel and renewable natural gas. "You don't have to tell fleets twice to save fuel," he said. "When it comes to increased costs without necessarily an improvement in the capability, that ROI calculation's a little tougher. I think you're going to have resistance to that because it's mandated."

Joe Richley, a vice president at bulk carrier Groendyke Transport and chairman of TMC's S.18 Automated Vehicles Study Group, supports the regulatory moves by the Trump administration. He said some of the regulations, specifically in California, weren't attainable for the average trucking company without a huge influx of research funding. However, he does not expect the regulatory changes to bring industry adoption of electric vehicles to a halt. The trucking industry wants to be fuel-efficient and environmentally responsible, he said.

Richley noted that the industry has 120 years of experience with diesel and gasoline. Truck stops and gas stations are everywhere. The change might require a regulatory push, but not as fast as regulators were attempting.

"Everyone's kind of taking a deep breath of a little bit of relief," he said.

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Pres. Trump Signs Revocations of CARB ZEV Mandates AND One Big Beautiful Bill Act

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On June 12, President Donald Trump signed three resolutions passed by Congress under the Congressional Review Act to revoke waivers provided by the Biden Administration's Environmental Protection Agency to the California Air Resources Board that sought to impose not only severe zero-emission vehicle mandates on automobiles and light- and heavy-duty-trucks but also omnibus NOx emissions rules for trucks. Massachusetts and several other states follow the CARB rules.

The U.S. House passed the resolutions, with bipartisan support, on April 30 and May 1 to revoke the EPA waivers of CARB's Advanced Clean Cars II (ACC II) rule, Advanced Clean Trucks (ACT) rule, and the heavy-duty omnibus NOx emissions (HDO) rule. On May 22, the U.S. Senate did likewise. Three weeks to the day of the Senate votes, President Trump closed the loop with his signature on the resolutions.

The National Automobile Dealers Association (NADA) and American Truck Dealers (ATD) released the following statement praising President Trump's actions:

"America's franchised dealers applaud President Trump for signing bipartisan legislation to stop California regulators from banning sales of new gas vehicles and diesel trucks, which would have begun later this year. Unless Congress acted, California's regulations would have reduced consumer choice and raised prices in the showroom for new and used cars. Banning gas and hybrid cars is a national issue that should be decided by Congress, not an unelected state agency. Enactment of this legislation ensures that consumers can continue to choose the vehicle that fits their needs."

The Congressional Review Act resolutions prevent California and the 11 other states that adopted California's regulations from restricting and then banning traditional ICE engines. California was allowed to regulate emissions because the state got special permission to do so 55 years ago when it was trying to reduce smog in the Los Angeles basin. Later, Congress allowed other states to adopt California's more aggressive regulations if they chose.

Under this regime, California officials set mandates requiring auto and truck manufacturers to sell an increasing percentage of zero-emissions vehicles (ZEVs) each year until 2035/2036 when new gas, hybrid, and diesel vehicles would be banned.

The problem: There is not sufficient consumer demand to meet the increasing ZEV percentage requirements. So, manufacturers would be forced to artificially withhold gas-powered cars and diesel trucks from the market, and that would drive up the cost of new cars and trucks nationwide.

Despite significant dealer investment in EVs, consumer demand for the vehicles has remained steady at around 8 percent of the total new vehicle market. For trucks, that percentage is even lower. That is because EVs are expensive and there is not an adequate charging network to support them. Added to that, only homeowners can install a personal charger to plug-in to every night. That makes EV ownership extremely challenging for renters.

NADA and ATD aggressively pursued the passage of these three pieces of legislation. From the outset, we were not sure it could be done. However, after extensive outreach by NADA and ATD and remarkable engagement from our dealer members to their congressmen, we prevailed.

"Consumers may not realize that a major crisis was averted today when President Trump signed these resolutions," said Mike Stanton, CEO, NADA, who attended the ceremony with NADA Chairman Tom Castriota. "California's ban of gas and hybrid cars and diesel trucks was completely out of alignment with consumer demand given the insufficient charging infrastructure and the high cost of electric vehicles (EV)."

"This victory is truly a cause for celebration. The standards put forth in these regulations were unachievable and would

NADA Chairman Tom Castriota (left), with NADA CEO Mike Stanton at the White House ceremony.

have increased prices at a time when vehicle affordability is low and purchasing a new car or truck is out-of-reach for many," Stanton said. "Let's take a moment to breathe a sigh of relief but remain focused on our next steps to protect vehicle choice and affordability."

NADA and ATD could not have done this without the help of our members, the ATAEs, and the congressmen who listened and voted on behalf of the American people. A special thanks to Senators Shelley Moore Capito (R-West Virginia), John Thune (R-South Dakota), John Barrasso (R-Wyoming), Deb Fischer (R-Nebraska), Markwayne Mullin (R-Oklahoma), and Bernie Moreno (R-Ohio). On the House side, a special thanks to Speaker Mike Johnson (R-Louisiana) and Representatives John James (R-Michigan), John Joyce (R-Pennsylvania), Jay Obernolte (R-California), and Brett Guthrie (R-Kentucky).

California's Attorney General filed suit against the federal government soon after the resolutions were signed. NADA and ATD believe this challenge is unlikely to succeed and will defend the resolutions, which are now law.

Legislative Update: House Accepts Senate Changes to "One Big Beautiful Bill" Act – Trump Signs Bill on July 4

On July 1, the U.S. Senate, on a 51-50 vote with Vice President J.D. Vance voting to break the tie, passed its version of the One Big Beautiful Bill Act (H.R. 1) and sent it back to the House. The Senate collaborated with House leaders to finalize the Senate bill's language in hopes that the House would pass it without changes; the House passed its version on May 22, on a 215-214 vote.

President Trump asked Congress to deliver the final bill to his desk by July 4. Congress met the challenge with the House voting 218-214 on July 3 to accept the Senate amendments. The President then signed the bill on July 4.

Over the past several months, NADA was engaged in ensuring that the following critical dealer-related provisions were included in the bill:

- Pass Through Deduction – Section 199A: Makes permanent at 20%. Also expands the deduction limit phase-in range by increasing the $50,000 (non-joint returns) and $100,000 (joint returns) amounts to $75,000 and $150,000, respectively. Effective for taxable years beginning after Dec. 31, 2025.
- Estate Tax: Makes permanent and increases to $15 million (individual)/$30 million (joint) and adjusted for inflation annually thereafter. Effective for estates of decedents after Dec. 31, 2025, and gifts made after Dec. 31, 2025.
- Interest Deduction Limitations – Section 163(j): Reverts to EBITDA permanently for taxable years "beginning after Dec. 31, 2024."
- Bonus Depreciation – Section 168(k): Permanently renews and extends 100% bonus depreciation for property acquired and placed in service on or after Jan. 19, 2025.

Other relevant provisions:

- New EV Tax Credit – 30D: Eliminated after Sept. 30, 2025.
- Leasing EV Tax Credit – 45W: Eliminated after Sept. 30, 2025.
- Used EV Tax Credit – 25E: Eliminated after Sept. 30, 2025.
- Auto Loan Deductibility: Above the line deduction on auto loan interest for new vehicles. $10,000 cap and MAGI limits of $100,000 (individual)/$200,000 (joint). Vehicle must be final assembled in U.S. Deduction would be available from 2025-2028.
- Income Tax Rates: Permanently extends modified income tax rates. The provision also adds an additional year of inflation adjustment to the income tax thresholds to which the 10 percent, 12 percent, and 22 percent brackets apply. Effective for taxable years beginning after Dec. 31, 2025.
- SALT – Business/PTET: The 2017 Tax Cuts and Jobs Act created a $10,000 cap on the amount of state and local taxes (SALT) that could be deducted from a taxpayer's federal taxable income. Some states created a workaround for the SALT cap by allowing pass-through businesses to deduct certain state and local taxes at the entity level, known as the pass-through entity tax (PTET). The final bill does not limit PTET.
- SALT – Individual Cap: Increases SALT cap deduction to $40,000, for 2025, with 1% annual increases through 2029. Reverts to $10,000 in 2030. Deduction phases down with income over $500,000.
- Expense Deduction – Section 179(b): Permanently increases to $2.5 million, reduced by the amount by which the cost of qualifying property exceeds $4 million. Effective for property placed in service for taxable years beginning after Dec. 31, 2024.
- IRA Section 60101, Section 132 Clean Air Act: The Inflation Reduction Act established a program to grant awards for purchasing heavy-duty electric vehicles. The bill repeals the program and rescinds any unobligated balance. Effective on the date of enactment.
- CAFE Rule: Reduces NHTSA's Corporate Average Fuel Economy (CAFE) penalty to $0, effectively killing the mandate. Effective on the date of enactment.

Notable provisions not included in the bill:

- While the House-passed bill and initial Senate bill included a repeal of the Environmental Protection Agency's EV mandate, the Senate parliamentarian ruled that this provision was not budgetary in nature and could not be included in H.R. 1.
- The Senate bill does not include new fees for EV or hybrid registrations, an issue that will be considered during the upcoming highway reauthorization bill.