

Dealers' Choice

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For the Sykoras of Texas, it's All About Family



TADA REVIEW OF THE 87TH
LEGISLATIVE SESSION

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AUTOMOBILE DEALERS ASSOCIATION

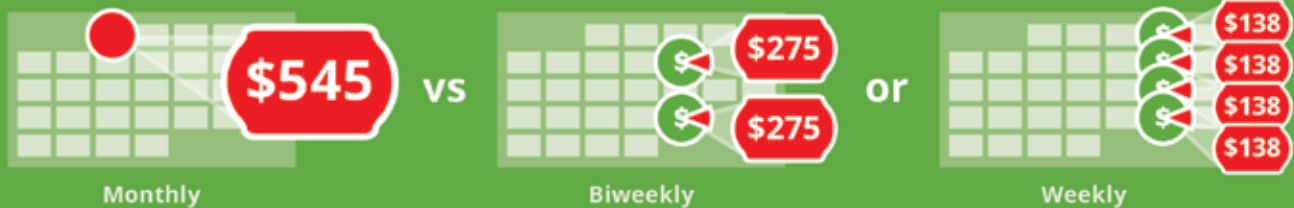
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Bob Boggus
Owner
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Dealers' Choice

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A Message From TADA

President Darren Whitehurst



As the regular session concluded on May 31st, the 87th Texas Legislature closed the books on one of the more interesting regular sessions since I started work here in the late 1980s. And although they will almost certainly be back in Austin at least two times before the end of the year (one to deal with priorities of Governor Abbott that didn't pass, the other to address redistricting), TADA can claim a successful session. There was strong support in both the Texas House and Senate against efforts to undermine our strong franchise laws. Legislators recognize the value their local dealers provide in the sale and servicing of vehicles, the catalyst for sales tax revenue and employment in the state, and the support provided in your local communities. Our advocacy work in Austin and D.C. would not be as successful without your strong grassroots efforts. All politics are local, and our advocacy efforts are built upon your personal relationships and the leadership you bring to your communities. Dealers and their employees are excellent in these endeavors.

That is certainly not to say that we got everything we wanted out of this

session. We didn't. That is the nature of politics. Even good public policy faces difficulties in the legislative process, particularly when you have opponents or frenemies on the other side. Politics often seem to be a version of the game "whack-a-mole," where you solve one problem only to see another (or two or three) pop up. We must never be complacent with the status quo and always look for opportunities to build on our successes to address the many existing and future challenges facing Texas new car dealers.

There is an excellent summary of the work in this edition of Dealers' Choice in which TADA was involved this session. I want to especially thank our internal lobby team (Rob Braziel and Kate McGrath), legal counsel (Karen Phillips), metro execs (Wyatt Wainwright, Brent Franks, Pam Crail, Michael Marks, Morris Wilkes, Lexi Buquet, and D'Anne Buquet) and TADA leaders (April Ancira and Bryan Case) for their efforts. In addition, several external lobbyists and TADA members too numerous to list came to Austin, but I am happy to share stories should the opportunity arise. I am proud to have worked this session with such an astute group of colleagues committed to helping our dealers.

We must continue to look ahead as the political process never stops. This interim will undoubtedly be very interesting. I mentioned earlier the issue of special sessions that will happen before the year's end. I want to focus on the one dealing with redistricting. The U.S. Census Bureau typically provides final census numbers to the legislature during the regular session, but that did not happen due to delays in data

collection (i.e., pandemic). The talk now is that Texas will receive these numbers in the fall. Once received, the Texas Legislature will draw maps to ensure equal representation for the 150 Texas House seats, 31 Senate seats, 15 State Board of Education seats, and 38 U.S. Congressional seats (up from 36). The number for the first three groups is static and doesn't change while the Congressional number grows with the population. Texas added more than 4 million new Texas residents this past decade.

If the past is any indication, decisions will be made behind closed doors, there will be lots of partisan controversies and some intraparty fighting, and then lawsuits will be filed. In 2012, the primaries were delayed while federal judges in San Antonio redrew the legislative maps after the state plans were denied federal preclearance. Today, this federal requirement no longer exists. We will stay tuned to see what happens.

Redistricting will greatly impact the 2022 elections. The 2022 elections will set the stage for the next decade of politics in Texas. All the prominent statewide officeholders, Senators and House members will be on the ballot (which only occurs every other redistricting cycle, i.e., 20 years), and we want to make sure the elected candidates understand the myriad of issues facing Texas new car dealers. Whether you identify as a Republican or Democrat, it is essential to build relationships with your local legislators, elected officials, and candidates now. We at TADA and your Metro Executives are here to help you do that in any way. ▶

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"Our team was able to advance several of our legislative priorities and was successful at preventing legislative efforts that would have a negative effect on the dealer community from being passed into law.

Thank you to everyone that participated in advocating for the auto industry in Texas!"

- April Ancira, TADA Board Chair

TADA REVIEW OF THE 87TH LEGISLATIVE SESSION

FRANCHISE ISSUES

<p>SB 1400/HB 1865 (Hughes/Cain)</p> <p>Tesla</p>	<p>Legislation, as introduced, stated that the TxDMV board should give preference to manufacturers in the state.</p>	<p>TADA opposed both SB 1400 and HB 1865.</p>	<p>Neither bill received a hearing.</p>
<p>HB 4379 (Harris)</p> <p>Direct Sales</p>	<p>Rivian's bill. Legislation, as introduced, would have allowed electric vehicle manufacturers to have dealerships if there is no competition with a franchised dealer of the same line-make.</p>	<p>TADA opposed HB 4379 in the House Transportation Committee.</p>	<p>HB 4379 was heard in House Transportation on May 11, but no further action was taken.</p>
<p>SB 1584/HB 4097 (Hughes/Dutton)</p> <p>Arrow Truck Sales</p>	<p>Legislation, as introduced, would have allowed a specific heavy-duty truck manufacturer to continue to conduct used heavy-duty truck sales at certain locations in the state beyond their current statutory deadline of Sept. 1, 2023.</p>	<p>TADA opposed HB 4097 in the House Transportation Committee.</p>	<p>HB 4097 was heard in House Transportation on April 20, but no further action was taken.</p>

COVID RESPONSE

<p>SB 6/HB 3659 (Hancock et al./Leach)</p> <p>Pandemic Liability Protections</p>	<p>Legislation will provide retroactive civil liability protections for large and small businesses, religious institutions, nonprofit entities, health care providers, first responders, and educational institutions against lawsuits arising from a declared pandemic emergency.</p>	<p>TADA supported SB 6 in the Senate Business and Commerce Committee.</p>	<p>SB 6 was signed into law by Governor Abbott on June 14 and is effective immediately.</p>
<p>SB 372/HB 1195 (Hancock/Geren)</p> <p>PPP Loan Forgiveness</p>	<p>Legislation excludes forgiven PPP loan proceeds from total revenue for Texas franchise tax purposes.</p>	<p>TADA was supportive of this legislation.</p>	<p>HB 1195 was signed into law by Governor Abbott on May 8 and is effective immediately.</p>

TADA REVIEW OF THE 87TH LEGISLATIVE SESSION

LEGISLATIVE SESSION — CONTINUED FROM PAGE 9

COVID RESPONSE

<p>HB 3 (Burrows/Birdwell)</p> <p>Governor's Executive Authority</p>	<p>Legislation, as introduced, would have created the Texas Pandemic Response Act by establishing a separate framework to govern state and local responses to prevent, prepare for, respond to, and recover from a pandemic disaster.</p>	<p>Given early issues during the pandemic, TADA supported HB 3.</p>	<p>House and Senate Conferees were appointed, but a conference committee report was not adopted due to disagreements about the HB 3 approach or the SB 1025 approach.</p>
<p>SB 1025 (Birdwell)</p> <p>Governor's Executive Authority</p>	<p>Legislation, as introduced, would have specified that during a declared state of disaster, only the legislature has the authority to restrict or impair the operation of businesses.</p>	<p>Given early issues during the pandemic, TADA was monitoring this legislation closely.</p>	<p>SB 1025 passed the Senate on April 13 and was referred to House State Affairs on April 16. While no further action was taken on SB 1025, the language was substituted into HB 3, which ultimately did not pass either. See above.</p>

REGISTRATION AND TITLING

<p>SB 876/HB 3113 (Hancock, Bettencourt, West/E. Thompson)</p> <p>Titling and Registration Flexibility</p>	<p>Legislation will provide flexibility and efficiency in titling and registering motor vehicles by allowing dealers and all Texans the option to title and register in any county willing to accept the application.</p>	<p>The substitute made changes to ensure that the processing and handling fee stays with the processing county. The sales tax and county road and bridge fees go to the county where the purchaser resides, without forms previously used by dealers. The substitute also allowed this flexibility to be available for all Texans, not just dealer transactions.</p>	<p>SB 876 was signed into law by Governor Abbott on June 14 and becomes effective March 1, 2022.</p>
<p>HB 2152 (Meyer/Nichols)</p> <p>Online Vehicle Registration Renewals</p>	<p>Legislation will allow an eligible person to renew their vehicle registration through an online registration system approved by TxDMV.</p>	<p>A committee substitute changed the language from a system "approved" by the department to a system "maintained" by the department.</p>	<p>HB 2152 was signed into law by Governor Abbott on June 3 and becomes effective Sept. 1.</p>
<p>SB 1817 (Seliger/Martinez)</p> <p>Motor Vehicle Titles</p>	<p>Legislation will require TxDMV to place a hold on processing a title application for a motor vehicle if the department receives evidence of legal action regarding ownership of or a lien on the vehicle.</p>	<p>SB 1817 is a TxDMV bill.</p>	<p>SB 1817 was signed into law by Governor Abbott on June 18 and becomes effective Sept. 1.</p>
<p>SB 1064/HB 2262 (Alvarado/Schofield)</p> <p>County Fleet Registration/ Inspection Requirements</p>	<p>Legislation will require the TxDMV to develop and implement a registration system to allow an owner of an exempt fleet to register the vehicles for an extended period of between one and eight years, but still requires inspections.</p>	<p>TADA was neutral on this legislation.</p>	<p>SB 1064 was signed into law by Governor Abbott on May 18 and becomes effective Sept. 1.</p>
<p>SB 935/HB 2940 (West/Kuempel)</p> <p>Titling Requirement Exceptions</p>	<p>Legislation, as introduced, would have created an exception to the titling requirement for certain older motor vehicles sold for parts, dismantling or scrap.</p>	<p>TIADA was opposed to this legislation, but TADA remained neutral.</p>	<p>SB 935 was sent to House Calendars on May 23, but no further action was taken.</p>
<p>HB 2933 (M. Martinez)</p> <p>Road and Bridge Fee Uniformity</p>	<p>Legislation, as introduced, would have created a uniform county road and bridge fee amount for dealer transactions.</p>	<p>TADA supported this legislation in the House Transportation Committee.</p>	<p>HB 2933 passed House Transportation on May 4 and was sent to House Calendars on May 8, but no further action was taken.</p>



<p>SB 1728 (Schwertner, Nichols, Powell/Canales)</p> <p>Alternately Fueled Vehicle Fee</p>	<p>Legislation, as introduced, would have created road use fee amounts for alternately fueled vehicles based upon the vehicle class.</p>	<p>TADA believes it is the right policy for alternately fueled vehicles to pay some road usage fees.</p>	<p>SB 1728 passed the Senate on April 23 and was set on the House General Calendar on May 24, but a point of order was called and sustained on the bill.</p> <p>The language was added to HB 3531, but that legislation didn't pass either.</p>
<p>SB 624/HB 1698 (Schwertner/Raney)</p> <p>Optional County Fee</p>	<p>Legislation will expand counties that can charge an additional \$10 fee if voters approve in a referendum election.</p>	<p>TADA monitored this legislation but remained neutral.</p>	<p>HB 1698 was filed without Governor Abbott's signature on June 14 and becomes effective Sept. 1.</p>

INSURANCE

<p>SB 1538/HB 3960 (Menendez, Campbell/ Lambert)</p> <p>OEM Parts</p>	<p>Legislation, as introduced, would require insurers to use OEM parts, products, and repair processes if the motor vehicle has an unexpired original manufacturer's warranty.</p>	<p>As amended in the Senate, legislation moved away from tying this to a warranty period and instead provided for a definitive period of 36 months. The amended language also provided for the insured to opt-in to the use of non-OEM parts within the 36 months and made it unlawful for an insurer to require that a repair person or facility use a specific percentage of non-OEM parts.</p>	<p>SB 1538 passed out of Senate Business and Commerce Committee 9-0 and the Senate 26-5 but never received a hearing in House Insurance.</p>
<p>SB 1706/HB 2534 (Blanco/Clardy)</p> <p>Appraisal Procedure</p>	<p>Legislation, as introduced, would have required appraisal procedures for personal automobile insurance policies.</p>	<p>TADA supported this legislation in the House Transportation Committee.</p>	<p>HB 2534 passed out of the House on the last night to pass House bills but never received a Senate Business & Commerce hearing.</p>
<p>SB 1170/HB 1787 (Menendez/Lambert)</p> <p>Loaner Insurance Revision</p>	<p>Legislation will remove the reference to a section in code that no longer exists and provided that the coverage for a temporary substitute vehicle does not extend to a person specifically identified in a named driver exclusion.</p>	<p>TADA supported HB 1787 in both the House Insurance Committee and the Senate Business & Commerce Committee.</p>	<p>HB 1787 was signed into law by Governor Abbott on May 15 and becomes effective Sept. 1.</p>
<p>HB 1131 (Clardy)</p> <p>Auto Body Shops</p>	<p>Legislation, as introduced, would have prohibited certain insurer practices related to auto repair claims to ensure quality parts are used to make repairs in the body shops of the insured's choice.</p>	<p>TADA supported HB 1131 in the House Insurance Committee.</p>	<p>HB 1131 was heard in House Insurance on April 13, but no further action was taken.</p>
<p>HB 113 (Oliverson/Schwertner)</p> <p>Peer-to-Peer Car-Sharing</p>	<p>Legislation will require that a peer-to-peer car-sharing program ensure the owner and driver are insured when a car's use is shared peer to peer.</p>	<p>TADA worked with the author's office to ensure no issues impacted the coverage on a loaner vehicle.</p>	<p>HB 113 was signed into law by Governor Abbott on June 9 and becomes effective Sept. 1.</p>

TADA REVIEW OF THE 87TH LEGISLATIVE SESSION

LEGISLATIVE SESSION — CONTINUED FROM PAGE 11

CATALYTIC CONVERTER THEFT

<p>HB 4110 (Leach/Alvarado)</p> <p>Catalytic Converter Theft</p>	<p>Legislation will increase recordkeeping requirements for transactions involving catalytic converters; implement a five-day hold period before catalytic converters may be sold or disposed of by the purchasing metal recycler, and enhance criminal penalties for offenses related to catalytic converter theft.</p>	<p>TADA worked closely with Gulf States Toyota to ensure this legislation continued to move through the process. This led to a compromise with the metal recycling council to narrow down the applicability of harsher penalties to just those transactions dealing with catalytic converters. It also makes it clear that state jail felony would only apply to those transactions, and Class A misdemeanor would remain for offenses involving the other metals.</p>	<p>HB 4110 was signed into law by Governor Abbott on June 18 and becomes effective Sept. 1.</p>
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TEMPORARY TAGS

<p>HB 3927 (Hefner/Nichols)</p> <p>Temp Tag Issuance</p>	<p>Legislation will give TxDMV rulemaking authority to establish the maximum number of temporary tags a dealer or converter may obtain based upon specific metrics outlined to anticipate need and give TxDMV the authority to deny access to the database upon giving notice electronically and by certified mail if fraud is suspected.</p>	<p>The final version of this bill is a combination of HB 3927 as initially filed, SB 1816 with TADA's amended language (see below), and HB 3429 (Vroom). This bill will allow out-of-state buyers of a vehicle that will not be operated on Texas roads to be issued a temporary buyer's tag without getting a state inspection.</p> <p>The original HB 3927 as filed gave TxDMV the unilateral authority to deny access to the database, but TADA tightened up the language.</p>	<p>HB 3927 was signed into law by Governor Abbott on June 15 and becomes effective Sept. 1.</p>
<p>SB 1816 (Seliger/E. Thompson)</p> <p>Temp Tag Issuance</p>	<p>Legislation, as introduced, would have given TxDMV rulemaking authority to establish the maximum number of temporary tags that a dealer or converter may obtain based upon specific metrics outlined to anticipate need.</p>	<p>TADA successfully amended this legislation to ensure the department's denial of a request to obtain more tags may be overturned if a dealer or converter shows the need for more tags by a preponderance of the evidence. However, the language in the filed version states that the denial (by director/director's designee's) of a request for additional tags may not be overturned in the absence of an abuse of discretion.</p>	<p>House and Senate Conferees were appointed, but a conference committee report was not adopted due to disagreements about the inclusion of digital license plates (HB 1105) and alternatively fueled vehicle fees (SB 1728).</p>
<p>HB 4219 (Raymond)</p> <p>Temp Tag Regulation</p>	<p>Legislation, as introduced, would have given TxDMV the authority to suspend a dealer's license if the director determines that a licensee has fraudulently distributed the buyer's temp tags.</p>	<p>TADA opposed HB 4219.</p>	<p>HB 4219 was heard in House Transportation on April 27, but no further action was taken.</p>

OPERATION OF VEHICLES

<p>HB 3026 (Canales/Alvarado)</p> <p>Autonomous Vehicles</p>	<p>Legislation will exempt a dedicated autonomous vehicle from mirrors, windshield wipers, federal light and reflective standards, and a muffler unless equipped with an internal combustion engine.</p>	<p>TADA was able to amend the legislation to clarify that the intent is that the "exclusive regulation" outlined in this bill is limited to only the operation of automated vehicles.</p>	<p>HB 3026 was signed into law by Governor Abbott on June 16 and becomes effective Sept. 1.</p>
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<p>SB 206/HB 1281 (Schwertner/Wilson)</p> <p>Operation of Certain Vehicles</p>	<p>Legislation will allow the operation of neighborhood golf carts in residential subdivisions for which a county or municipality has approved one or more plats as well as on all or part of certain highways located in the unincorporated area of the county to coastal counties.</p>	<p>TADA monitored this legislation but remained neutral.</p>	<p>HB 1281 was signed into law by Governor Abbott on June 15 and becomes effective immediately.</p> <p>HB 1281 also includes the language described below in HB 1181.</p>
<p>HB 1181/SB 1383 (Middleton/Creighton)</p> <p>Operation of Certain Vehicles</p>	<p>Legislation, as introduced, would have extended the authority that allows the operation of a golf cart or an unregistered off-highway vehicle on all or part of certain highways located in the unincorporated area of the county to coastal counties.</p>	<p>TADA monitored this legislation but remained neutral.</p>	<p>SB 1383 never received a hearing in Senate Transportation, and HB 1181 was removed from the last local calendar in the Senate.</p> <p>However, the language was successfully added to HB 1281.</p>

TxDMV

<p>HB 3514 (Canales/Seliger)</p> <p>TxDMV Functions</p>	<p>HB 3514 will clarify and update references, procedures and practices of the TxDMV.</p>	<p>HB 3514 is a TxDMV bill.</p>	<p>HB 3514 was signed into law by Governor Abbott on June 4 and becomes effective Sept. 1.</p>
<p>HB 3531 (Martinez/Seliger)</p> <p>Motor Vehicle Titles, Registration and License Plates</p>	<p>Legislation, as introduced, would have required TxDMV to place a hold on processing a title application for a motor vehicle if the department receives evidence of a legal action regarding ownership of or a lien on the vehicle, and allowed Disabled Veteran license plates to include one emblem or design from another military specialty license plate.</p>	<p>HB 3531 is a TxDMV bill.</p>	<p>HB 3531 passed the House on May 14, but the Senate added the alternatively fueled electric vehicle fee language on the bill, which wasn't germane and killed the bill.</p>
<p>HB 3533 (Martinez/Seliger)</p> <p>Surety Bond</p>	<p>Legislation will increase the independent dealer bond to \$50,000 and requires a notice requirement to post bond information and procedure to recover against the bond and publish on the agency's website.</p>	<p>HB 3533 is a TxDMV bill.</p> <p>TADA monitored to ensure franchised dealers remained exempt under the bill.</p>	<p>HB 3533 was signed into law by Governor Abbott on June 14 and becomes effective Sept. 1.</p>

VEHICLE INSPECTIONS

<p>SB 1713 (Hall)</p> <p>Elimination of Safety Inspections</p>	<p>Legislation, as introduced, would have repealed the regular mandatory requirement for state vehicle inspections.</p>	<p>As in previous sessions, TADA was closely monitoring this legislation.</p>	<p>SB 1713 never received a hearing in Senate Committee.</p>
<p>SB 1543/HB 3429 (Huffman/Harris)</p> <p>Vroom</p>	<p>Legislation, as introduced, would have allowed out-of-state buyers of a vehicle that will not be operated on Texas roads to be issued a temporary buyer's tag without having to get a state inspection.</p>	<p>TADA remained neutral on this legislation.</p>	<p>HB 3429 passed the House on April 20 and was referred in the Senate on May 4, but neither HB 3429 nor SB 1543 received a hearing in Senate Transportation.</p> <p>However, the language was added as an amendment to HB 3927, which becomes effective Sept. 1.</p>

TADA REVIEW OF THE 87TH LEGISLATIVE SESSION

LEGISLATIVE SESSION — CONTINUED FROM PAGE 13

WORK FROM HOME

<p>HB 3510 (Lambert/Menendez)</p> <p>Work from Remote Locations</p>	<p>Legislation will continue the work from home flexibility allowed by the Office of Consumer Credit Commissioner during the pandemic by establishing conditions under which an applicable license holder may allow an employee to work from a remote location.</p>	<p>TADA worked with OCCC to limit the application of conditions to certain employees.</p>	<p>HB 3510 was signed into law by Governor Abbott on June 14 and becomes effective Sept. 1.</p>
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FINANCIAL PRODUCT ISSUES

<p>HB 735/SB 1080 (Minjarez/Campbell)</p> <p>Service Contracts</p>	<p>Legislation will revise the definition of “depreciation benefit optional member program” under the Service Contract Regulatory Act by removing references to vehicle installment sale financing, and by specifying instead that such programs are for any vehicle, regardless of whether the vehicle is purchased for cash, financed or leased.</p>	<p>TADA remained neutral on this legislation.</p>	<p>HB 735 was signed into law by Governor Abbott on May 15 and becomes effective Sept. 1.</p>
<p>SB 1504/HB 4277 (Hughes/ E. Thompson)</p> <p>Debt Cancellation</p>	<p>Legislation, as introduced, would have provided for a process for refunds if a debt cancellation agreement is terminated.</p>	<p>TADA monitored this legislation.</p>	<p>HB 4277, approved by the House Pensions, Investments and Financial Services Committee on April 30, was placed on the House General State Calendar on May 12 but was not heard before the midnight deadline to hear House bills.</p>

CREDIT CARD TRANSACTIONS

<p>SB 153/HB 3573 (Perry/Sanford)</p> <p>Data Processing Service</p>	<p>Legislation will clarify existing tax practices by excluding merchant credit and debit card processing services from being considered as taxable data processing services.</p>	<p>TADA was supportive of this effort.</p>	<p>SB 153 was signed into law by Governor Abbott on June 14 and becomes effective Oct. 1.</p>
<p>HB 3941 (Guillen)</p> <p>Credit Card Surcharge</p>	<p>The legislation, as introduced, would have repealed the prohibition on a seller imposing a surcharge on a buyer who uses a credit card.</p>	<p>TADA supported HB 3941 in the House Business and Industry Committee.</p>	<p>HB 3941 passed out of the House on the last night to pass house bills (May 14) but never received a hearing in the Senate Business & Commerce Committee.</p>



PRIVACY

<p>SB 15/HB 3471 (Nichols et al./P. King)</p> <p>Texas Consumer Privacy Act</p>	<p>Legislation will revise the Motor Vehicle Records Disclosure Act to specify the authorized use and disclosure of personal information obtained in connection with a motor vehicle record.</p>	<p>The legislation as filed would have restricted everyone's access to this information. Still, understanding that the goal was to prevent bad actors from accessing and selling consumers' personal data, TADA worked with other stakeholders and successfully ensured that legitimate users would be able to retain access to this information.</p>	<p>SB 15 was signed into law by Governor Abbott on June 18 and is effective immediately.</p>
<p>SB 16 (Nelson et al.)</p> <p>Personal Data Dissemination Prohibition</p>	<p>Legislation, as introduced, would have prohibited a state agency from disseminating an individual's personal data without the individual's written consent.</p>	<p>TADA was opposed to SB 16.</p>	<p>SB 16 was never heard in Senate Committee.</p>
<p>HB 2099 (Schaefer)</p> <p>Personal Data Disclosure</p>	<p>Legislation, as introduced, would have restricted who can obtain personal information associated with a motor vehicle record.</p>	<p>TADA was opposed to HB 2099 in the House Transportation Committee.</p>	<p>HB 2099 was heard in House Transportation on April 6, but no further action was taken.</p>
<p>HB 2173 (Krause)</p> <p>Disclosure of Personal Information</p>	<p>Legislation, as introduced, would have prohibited TxDMV from adopting and charging fees for the disclosure of personal information but would not have denied the disclosure of such information.</p>	<p>TADA remained neutral on this legislation.</p>	<p>HB 2173 was heard in House Transportation on March 30, but no further action was taken.</p>

COMMERCIAL TRUCKING LITIGATION REFORM

<p>SB 17/HB 19 (Taylor/Leach)</p> <p>Commercial Trucking Litigation Reform</p>	<p>Legislation will balance commercial vehicle collision litigation by clarifying the rules for how to litigate commercial vehicle lawsuits. This will ensure juries have the facts necessary to award fair compensation to Texans injured by a defendant's negligence while ensuring the litigation playing field is level for all players.</p>	<p>TADA was supportive of HB 19 in the House Judiciary and Civil Jurisprudence Committee.</p>	<p>HB 19 was signed into law by Governor Abbott on June 16 and becomes effective Sept. 1.</p>
<p>SB 207/HB 1617 (Schwertner/Bonnen)</p> <p>Commercial Trucking Litigation Reform (medical expenses)</p>	<p>Legislation, as introduced, was intended to ensure that the recovery of medical or health care expense incurred is limited to the amount paid or incurred by or on behalf of the claimant.</p>	<p>TADA supported this effort.</p>	<p>During the legislative process, the Texas Supreme Court announced its decision to fix the concerns addressed in SB 207. The authors of the legislation opted to no longer pursue passage of the bill.</p>

TEXAS EMISSIONS REDUCTION PROGRAM (TERP)

<p>HB 4472 (Landgraf/Birdwell)</p> <p>TERP Fund</p>	<p>Legislation will expand projects eligible for funding under TERP and specifies that at least 35% of TERP revenues shall be transferred to the State Highway Fund for us by TxDOT on projects that reduce congestion and improve air quality.</p>	<p>TADA monitors legislation related to TERP very closely for any potential changes to the electric vehicle incentive program.</p>	<p>HB 4472 was signed into law by Governor Abbott on June 18 and becomes effective Sept. 1.</p>
<p>HB 2577 (Kuempel)</p> <p>Light-Duty Motor Vehicle Eligibility</p>	<p>Legislation, as introduced, would have included electric motorcycles in the electric vehicle \$2,500 incentive program and required that recipients of the \$2,500 incentive give \$750 back to the Comptroller for the state highway fund.</p>	<p>HB 1649 was amended on the House floor to remove the \$750 for the state highway fund and lowered the incentive amount to \$1,250.</p>	<p>HB 2577 passed out of the House on May 6 but was never referred to Senate committee.</p>

TADA REVIEW OF THE 87TH LEGISLATIVE SESSION

LEGISLATIVE SESSION — CONTINUED FROM PAGE 15

TEXAS EMISSIONS REDUCTION PROGRAM (TERP)

<p>HB 2361 (Landgraf/Birdwell)</p> <p>New Technology Implementation Grant Program</p>	<p>Legislation will move money allocations to the new technology implementation grant program from the clean fleet programs, focusing on using the new money to reduce flaring emissions.</p>	<p>TADA monitored this legislation throughout the process but remained neutral.</p>	<p>HB 2361 was signed into law by Governor Abbott on June 15 and becomes effective Sept. 1.</p>
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ELECTRIFICATION/ELECTRIC VEHICLE CHARGING STATIONS

<p>HB 2221 (Canales)</p> <p>Electrification</p>	<p>Legislation, as introduced, would have established a framework for the electrification of transportation in Texas.</p>	<p>TADA successfully removed language that would have made the electric vehicle incentive program seller-based versus the current buyer-based structure.</p>	<p>HB 2221 was sent to House Calendars on April 29, but no further action was taken.</p>
<p>SB 839 (Schwertner/Huberty)</p> <p>EV Charging Stations</p>	<p>Legislation, as introduced, would have given TDLR the authority over the regulation of electric vehicle supply equipment.</p>	<p>TADA and Group 1 Automotive worked to ensure a floor amendment would be offered to specify that businesses providing free charging for their customers and employees would be exempt from coverage under this bill.</p>	<p>SB 839 was placed on the House General State Calendar on May 25 but was not heard before the midnight deadline to hear Senate bills.</p>

LICENSE PLATES

<p>SB 490/HB 1105 (Paxton/Paddie)</p> <p>Digital License Plate</p>	<p>Legislation, as introduced, would have allowed digital license plates on passenger vehicles.</p>	<p>TADA remained neutral on this legislation.</p>	<p>HB 1105 passed the House on April 15 and was referred to in the Senate on April 19, but neither HB 1105 nor SB 490 received a hearing in Senate Transportation.</p> <p>The digital license plate language was later added to SB 1816 as an amendment, but SB 1816 didn't pass.</p>
<p>HB 1199 (Metcalf)</p> <p>One License Plate</p>	<p>Legislation, as introduced, would have required TxDMV to issue one license plate, rather than a set of two plates, for a passenger car or light-duty truck.</p>	<p>TADA supported HB 1199 in House Transportation.</p>	<p>HB 1199 was heard in the House Transportation on March 23, but no further action was taken.</p>
<p>HB 502 (Wu)</p> <p>One License Plate</p>	<p>Legislation, as introduced, would have authorized a motor vehicle to display only a rear license plate if the applicant for the vehicle's registration pays an annual fee of \$50.</p>	<p>TADA monitored this legislation but remained neutral.</p>	<p>HB 502 was referred to House Transportation on March 1, but no further action was taken.</p>
<p>SB 2012 (L. Taylor)</p> <p>One License Plate</p>	<p>Legislation, as introduced, would have provided an exemption to the two-license plate requirement for vehicles lacking a dedicated area on the front bumper because a manufacturer failed to provide a location on the vehicle for placement of a front license plate.</p>	<p>TADA monitored this legislation but remained neutral.</p>	<p>SB 2012 passed the Senate on April 29 and was referred to House Transportation on May 4, but no further action was taken.</p>



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A photograph of two men in business suits standing in what appears to be a car dealership. The man on the right is holding a tablet and pointing at the screen, while the man on the left looks on. A blue car is partially visible in the background.

Endorsed Partner Focus: Sentry Insurance, Eric Stiles Auto Dealers and Commercial Auto Insurance

In 1987, when Eric Stiles started with a Business Administration and Economics degree, he envisioned a career as a stockbroker. But by December, after the Black Monday crash of Oct. 19, 1987 (when the Dow fell 22.6%), his vision was less than realistic after roughly 10,000 stockbrokers lost their jobs.

He decided to take an interim job in the insurance industry until he found a “real” job back in the finance industry. That temporary job soon turned into a well-rounded and fulfilling career, and he never looked back. He has worked in many different positions in the insurance industry, including underwriting, marketing and sales training management.

As an account executive for Sentry Insurance, he handles high-profile relationships with industry-specific trade associations and manufacturers directly related to metalworking, plastics, printing, hard goods wholesaling, and food processing businesses. Additional markets include various dealerships for automobiles, motorcycles, agricultural equipment, and industrial equipment.

Eric often engages with larger business groups to ensure the Sentry Insurance standards of product reliability and service exceed the expectations of its corporate partners. Thirty years of industry experience specific to commercial insurance has helped him set a high standard of personal achievement within the critical business markets he serves.

TADA recently discussed Eric’s thoughts about the industry and what our TADA members could be doing to increase success within their dealerships.

What would be the one thing you would encourage all dealers to do?

The main factor affecting auto dealers from a commercial insurance standpoint is the exposure faced from normal operations associated with the cars and trucks they sell. As a result, the most significant financial component of the cost of an auto dealer’s commercial insurance package is the rising cost of auto accidents.

The key is to avoid auto accidents and lessen the possibility of having that severe loss. We have loss control suggestions and programs in place to help address these concerns.

ENDORSED PARTNER FOCUS — CONTINUED FROM PAGE 19

The number of auto accident claims (that is, the frequency) has risen slightly over the last several decades. For example, national averages indicate auto accidents have risen about 2% per year over the previous five years. Several factors are attributed to this frequency increase:

- More cars and trucks are on the road
- People average more driving miles
- Each year distracted driving – such as eating, talking on cellphones, texting, etc. – causes more and more accidents

Dealerships should seriously consider all aspects of their risk exposure, and they should take preventive measures wherever possible to lessen their exposure to driving accidents. I realize this isn't new information, but I believe it's an easy can to kick down the road. It takes some thought and possibly making some tough decisions.

How have dealership issues evolved?

Over the last 30 years, the auto dealer world has changed dramatically, and the value and the loss of dollars in claims have skyrocketed. There are several reasons for that.

- Medical technology has advanced. The advancements are a good thing overall because the medical industry now saves more lives from trauma, but their success comes with a price.
- The cost of vehicles has also gone up. We drive expensive vehicles with lots of high-end technology.
- The world is much more litigious. The claim settlement process for significant losses has become a lot more complex as a result. Once-simple claims have become more difficult as legal externalities have expanded the scope and definition of payments.

As dealers sell more cars to more people, year over year, the increased risk to dealers from on-the-road exposure is bigger. There are multiple times in a day where a dealer faces a risk of loss due to an accident:

- Technicians take cars for test drives to diagnose problems and verify repairs.

- Customers may be provided a loaner vehicle when their car is in for repair.
- The sales department takes people on test drives as part of the sales process.
- Dealerships often have demo cars on the road: a loan of a vehicle to an employee to run an errand or have a regular parts-and-delivery driver.

All these different scenarios create over-the-road touch points where the opportunity for a loss can happen.

What's Sentry Insurance doing to help its customers?

Sentry provides a comprehensive commercial package policy specifically tailored to individual auto dealer business operations. Our package policy can cover the building, contents, crime issues (like cyber liability), premise liability, auto liability, E&O, workers' compensation, employment practices liability and many other business risk exposures. What's more, we have loss control and loss prevention services to address mitigating those exposures.

Even though auto accident frequency has increased, the percentage has been relatively predictable. In contrast, the dollar value of auto claims (the severity) is the real culprit in rising insurance costs. As a result, total auto claim loss costs have been moving considerably higher. Industry experts show loss costs increasing 10% plus over the last few years.

Why is the total dollar amount of claims per year rising well above the Consumer Price Index?

1. Today's cars and trucks are more expensive to repair. For example, in 1990, you could buy a new truck for around \$15,000. The average cost for a new pickup truck today is \$50,000
2. The cost of medical bills keeps increasing at a much higher rate than the standard rate of inflation.

The number of auto losses incurred directly affects a dealer's commercial insurance cost. And the more losses a



dealer has, the greater the chance of having a severe loss. The key is to avoid auto accidents and lessen the possibility of having that severe loss. We have loss control suggestions and programs in place to help address these concerns.

Multiple factors create large claims: a questionable driver with a poor driving record may cause an accident, numerous high-end vehicles could be involved, or an accident caused loss of life and multiple trauma injuries. As an insurance company, large claims keep us up at night, and they should also be of concern to the dealers. We work with dealers to help mitigate their driving exposure. If a loss becomes a large claim, it can become a high-profile, newsworthy item for public consumption. The resulting negative publicity can harm both a dealer's brand and image.

What are some loss prevention techniques dealers can employ?

Risk management is crucial to lessening the exposure to auto claims. A partial list of things to do includes the following suggestions:

- Dealerships and vehicles go together. Allowing employees to drive brings up some unique challenges for any business. Dealerships should be concerned

about conditions such as the driving record of any employee who uses a dealer vehicle, the status of their driver's license, and whether any needed certifications are up-to-date.

- Preferred practices are important to safeguard a dealership. First, develop a written vehicle safety program. The program should include:
 - a statement setting the standards for safe driving by employees
 - a motor vehicle record (MVR) authorization form
 - written guidelines for regular MVR checks
 - clearly defined driver acceptability standards
 - drug and alcohol testing
 - prohibitions on cellphone use while driving
- Take time to consider how service test drives and customer demos are performed. Have a designated route established that follows the path of least resistance. Avoid multiple lane changes and cross-traffic turns. Increase visibility by requiring headlights to be on at all times while on the road.
- Above all, don't go it alone. An experienced insurance company can help manage specific loss-producing situations and avoid needless accidents.

We have many other loss-control suggestions. Talk with your loss-control representative or sales professional for more information.

What else would you recommend?

From a direct insurance cost standpoint, dealers should also consider higher deductibles and lower limits. More often than not, a commercial policy carrying high limits and low deductibles will be extremely expensive. You can usually find significant cost savings by making deductible and limit changes to a commercial insurance policy.

Any last words?


A dealership might get away with doing something nine times out of 10, but that 10th time could cripple the business and create a major news story on the internet.

There is so much on the line. Dealerships support employees and their families. In many cases, a dealership may be a legacy business passed through generations in one family. Also, many dealerships are cornerstones in their communities, supporting customers and neighbors.

Statistics prove that the dealers with safe driving practices in place fare better than dealers who don't. Enforcing a solid risk management plan reduces a dealership's exposure to both frequency and severity. As a result, dealerships are more likely to avoid a crippling loss as their exposure decreases. And that makes them safer and more financially secure. ▸



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TADA Q&A with New Members

TADA recently had a chance to sit down with the newest members of the Texas Department of Motor Vehicles (TxDMV) board. The Governor appoints these nine members to the TxDMV Board with the advice of the state senate, which also designates one board member to serve as chair.

Charles Bacarisse was appointed as chair, Sharla L. Omumu and Christian Alvarado are the newest board members. TADA enjoyed getting to know more about these amazing individuals, and we look forward to tenure on the board.



TADA Q&A with Charles Bacarisse



Charles Bacarisse of Houston is Vice President of Major Gifts at Houston Baptist University. He is a former board member of the Department of Information Resources, where he

served as chair. He served for 13 years as the elected District Clerk of Harris County. Previously, he served on the boards of the County and District Clerks Association of Texas, Neighborhood Centers Inc., the Association of Fundraising Professionals – Houston Chapter, and Downtown Houston Association. Bacarisse and his wife, Jana Fay, are both native Houstonians who are active in their church. Their two adult children are busy young professionals. Charles enjoys golf, reading history and biography, hunting and fishing, traveling on cruises and attending HBU athletic events. Charles received a Bachelor of Arts and a Bachelor of Fine Arts from Southern Methodist University.

You have been serving on the TxDMV board, but recently have been appointed as chair. What are your thoughts about this new venture?

I'm honored that Governor Abbott asked me to serve the agency in this way. After being a board member for about two years, I have been amazed to learn the scope of services and responsibilities for which the agency is responsible. I'm also very thankful for our talented fellow board members who bring energy and passion to their work. I have learned from each of them and I've told them I'd be relying on them even more going forward. We have a great team, and the TxDMV professional staff is the best. I'm always impressed

by their customer focus and “can-do” attitude, whether it’s working with one of our customer partners, such as auto dealers or county tax assessor collectors, the public, a member of the Legislature, or law enforcement, they pride themselves on service. I think we live up to our motto, “Helping Texans go, helping Texas grow,” and I look forward to our future together.

How do you think your background experience will enhance your contributions to this board?

My 20-plus years in government from the federal to the local level give me a clear understanding of how to listen first and collaborate with others in navigating through complex problems to reach solutions. From day one of my time at the DMV, I’ve said that I’m here to lend my experience and support to our mission. Whatever I can do to help our professional staff, I’m here to serve. We have great people on the board and in the agency. We all work well together.

In your perspective, is the agency fulfilling its mission to the public? To the regulated community?

I do believe the TxDMV is fulfilling its mission. It’s a growing and dynamic one, which the Legislature

and the Governor have charged us to work toward every day. The regulated community, and auto dealers in particular, are critically important to the state. The motor vehicle industry provides the needed transportation to millions of Texans so we can all get out to work, move our products to markets all over the world, and make the Texas economy the best in the country. We have a strong staff, who are working to assist our customers every day.

What are the agency’s future challenges?

As Texas continues to grow, our ability to work efficiently with our regulated entities and county partners to serve these new Texan’s needs is on the top of my mind. The rapidly changing markets for and types of transportation will challenge the TxDMV in the years ahead as well. Everything from electric vehicles, the transportation infrastructure, our partnership with law enforcement in serving their needs, to technology and cybersecurity improvements will all be a part of the challenges ahead. It is critical that the TxDMV, both professional staff and Board members, work together with all stakeholders to ensure that the motor vehicle industry operates as a whole in a fair, consistent and predictable manner. ▸

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TADA Q&A with Sharla L. Omumu



Sharla L. Omumu of Cypress is Director of Incentives for Gulf States Toyota, Inc. She has held several positions at Gulf States Toyota since 2001. She is an active member of the Sheriff's Association of Texas and the Girl Scouts of San Jacinto, and a supporter of several other local organizations. Sharla received a Bachelor of Business Administration from the University of Houston and a Master of Business Administration from the University of Phoenix. Sharla will serve as the manufacturer or distributor license-holding representative.

Sharla is a native Texan, raised in Houston and has roots in “the

birthplace of Texas, Washington-on-the-Brazos,” dating back to her second great-maternal grandparents. Sharla credits her dad, a minister, and her mother, a retired nurse, who modeled service to others with gratitude as her life's inspiration. Sharla is married to her husband Chinedu of 15 years, and they share one cherished daughter, Mary.

You just started serving on the TxDMV board. What are your thoughts about this new venture?

I am absolutely honored to join the TxDMV board. The agency has done great work modernizing department services and improving customer service for the public and the motor vehicle industry.

This is my first experience working in government, and I am grateful to Governor Abbott for the opportunity. I am captivated by the enthusiasm the TxDMV leadership has for their respective divisions. The level of professionalism and personal ownership is refreshing and aligns with my feelings about the motor vehicle industry and the State of Texas. In my short time serving, the TxDMV staff and executive leadership team have displayed the very best of Texas. I am eager to

learn a great deal from the board's distinguished members, and offer my knowledge of the industry and bring a new perspective.

Do you think your experience is typical of board members, and how do you think your background experience will enhance your contributions to this board?

The tie that binds the board members is our willingness to serve and what connects us is that we all interface with the motor vehicle industry as a whole in some way. The board represents a diverse group of well-respected professionals, and it is my intention to enhance the already great work this board has accomplished since its inception in 2009.

My experience working with the Gulf States Toyota distributorship has lent itself to working with manufacturers and dealers who represent different automotive brands. My background includes years of customer and technical support across several industries. I've had the pleasure of working directly with retail automotive dealers as the industry stepped into the digital age in the early 2000s. I also worked with dealers to improve efficiencies and dealer profitability

in a “bottom-up” initiative called Toyota Signature. I worked in Market Representation and navigated several buy/sell, ownership and dual transactions during the great economic recession time period. In my current role I develop incentive strategy in an effort to improve retail market share as defined by vehicle registration data.

The greatest contribution I can give is to always listen first, consider the facts, and make the best decision for the constituents of Texas for today and tomorrow while using my experience to add perspective when making those important decisions.

In your perspective, is the agency fulfilling its mission to the public? To the regulated community?

The agency’s mission is “to serve, protect and advance the citizens and industries in the state with quality motor vehicle-related services,” and I believe the TxDMV’s customer-centric divisions serve as proof that it is successfully fulfilling its purpose.

The Compliance and Investigations Division supports law enforcement to help detect and prevent fraud. The largest division, Vehicle Titles and Registrations, registered 24 million vehicles in 2020 despite the pandemic. From a

manufacturer and distributor perspective, the fact that Texas could continue to register vehicles uninterrupted was important because a major KPI, market share, is defined by the number of new light vehicles registered in the state each month.

The Consumer Relations Division successfully transitioned to “work from home” and never dropped a phone call or email during the same time period. The stellar website reviews indicate how well this division supports Texans or those moving to Texas.

Other divisions such as the Enforcement and Motor Vehicle Crime Prevention Authority specifically aim to support and educate citizens of Texas.

What are the agency’s future challenges?

Texas is the best state in the nation and one of the fastest-growing. The agency currently has several IT projects underway to further the modernization required to best support the demands of the growing number of Texas motorists on the road. The TxDMV team is comprised of top talent committed to best serving Texas and its motorists. In my opinion, there’s no challenge today, or in the future that the TxDMV cannot overcome. ▶



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TADA Q&A with Christian Alvarado



Christian Alvarado of Austin is co-founder of CB Capital, an Austin based investment and real estate development firm. He is the past board president for Austin Angels, board member of Friends of the Children Austin, a member of the Dell Children's Trust, and a volunteer for the Lake Travis Youth Sports Association. Governor Abbott previously appointed him to serve on the board of the Department of Information Resources, and he is a former member of the One Call Board of Texas. Christian is an active member of the State Bar of Texas and previously served as Chief of Staff at the Railroad Commission of Texas and as a corporate attorney at Jackson Walker, LLP. Alvarado received a Bachelor of Arts from the University of North Texas and a juris doctor degree from The University of Texas School of Law.

You just started serving on the TxDMV board. What are your thoughts about this new venture?

I am excited to embark on this new venture. The Texas Department

of Motor Vehicles (TxDMV) is a dynamic state agency with a diverse set of roles and responsibilities, including regulating vehicle dealers and manufacturers; credentialing buses and big trucks for commerce; issuing oversize and overweight permits; and awarding grants to law enforcement agencies to reduce vehicle burglaries and thefts.

TxDMMV is a large operation with an annual budget of \$300 million that generates revenues over \$1.9 billion for the State of Texas. The revenue generated is used to build and maintain our infrastructure and increase economic prosperity. I am honored to serve with such talented staff and alongside my esteemed board members in this new capacity.

Do you think your experience is typical of board members, and how do you think your background experience will enhance your contributions to this board?

Those who have built successful businesses know that it takes hard work, attention to detail, and the ability to analyze large amounts of information quickly to make decisions for the greater good. That is what we do at CB Capital, and that is the same approach I plan to bring to the TxDMV Board for the citizens of Texas.

My background will guide my thinking on providing a predictable regulatory climate, maximizing efficiencies and performance and eliminating waste.

In your perspective, is the agency fulfilling its mission to the public? To the regulated community?

The agency's mission is "to serve, protect and advance the citizens and industries in the state with quality motor vehicle-related services."

I believe the agency has done a terrific job serving both the public and the motor vehicle industry. TxDMV strives to fulfill its mission every day through constant improvement of programs and performance metrics for both the public and the regulated community. The board makeup contains members with diverse backgrounds and experience, including those from each facet of the motor vehicle industry, who are committed to the mission and goals of the agency.

What are the agency's future challenges?

All organizations, both in the public and private sectors, are faced with similar challenges. Many people from across the country and world are realizing what Texans have always known: Texas is one of the best places to live and conduct business. As a result, Texas continues to experience rapid population growth, and TxDMV must adapt and respond to these changing demographics and the impact on products and services. A large part of overcoming this challenge is improving department technology so consumers have optimized mobile and web-based service options, as well as protecting the public and consumers – both from a public safety as well as a data security perspective. ▀



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APPI Energy

The fallout from winter storm Uri, the February extreme weather event, continues to shape the Texas electricity market, even as we move into the hot summer months. Uri caused approximately 700 deaths, an estimated \$18 billion in property insurance claims, and perhaps as much as \$129 billion in total economic damage. While the unprecedented weather event is behind us, legislation that aims to address aspects of the Texas energy market is on the forefront, with pending changes that could affect Texas dealers in both the immediate future as well as the long-term.

The Texas legislature finalized several bills related to the Texas energy market of which dealers will want to be made aware. HB 4492 and SB 1580 were sent to Governor Abbott, and he signed both, and they went into effect immediately.

The changes made by the bills are projected to increase monthly electricity costs by spreading the costs of the storm to ratepayers over a few decades. The funds will be used to pay for a plan assisting the state's utilities and Retail Electric Providers (REPs) and provide relief to commercial customers served by REPs during Uri.

Senate bills 2 and 3 were also signed into law by the governor. They focus on the makeup of ERCOT's board, require electricity and natural gas companies to weatherize energy infrastructure to prevent future disruptions, and call for the creation of a statewide emergency alert system.

As part of the TADA energy procurement program, APPI recently helped several dealers exposed to variable energy prices during Uri

by identifying options, negotiating more favorable contract and payment terms, and providing an up-to-date and independent analysis of the dealer's energy buying strategy. It is important to note that the above information is believed accurate as of publication. The situation remains fluid. As enacted legislation increases in relevancy and impact, and new state agency initiatives are implemented by the Public Utility Commission and ERCOT, APPI will continue updating TADA members. As always, APPI Energy is committed to keeping TADA members informed of energy changes in Texas affecting dealers. ▀

Please call us at 800-520-6685, email info@appienergy.com or visit appienergy.com for a no-obligation, no-cost assessment of your current or proposed energy strategy.

Annette Sykora

Industry Leader, Family Dealership Icon



Twenty-five years ago, when the consolidation of franchised automobile dealerships was running rampant throughout the country, many industry ‘experts’ predicted the demise of family-owned car dealerships.

Publicly held dealerships, Wall Street investors, the family office concept, etc., were to be the wave of the future with family-owned stores, principally those in rural Texas, left to be roadkill. Well, none of that happened, and Texas family-owned dealerships have thrived during these nearly three decades since the first stores went public. In fact, over half of the Texas locations with franchised new vehicle dealerships are in towns with less than 15,000 population.

Rural dealerships are essential to farm and ranch country, to our oil and gas infrastructure, and to the millions of Texans outside our cities who would be abandoned without franchised dealers upon whom they

depend to get to work, to school, to the doctor, to visit their families and to worship.

One family that reflects this service to Texas is the Sykora family of Levelland, Slaton, Plainview, and West.

Franchised dealers are like George Bailey in the movie *It’s a Wonderful Life*. You can’t imagine what would have happened in the 300 cities and towns of our state if franchised dealers had not been part of the bedrock of those communities, providing jobs, tax revenue, transportation, and support for every essential institution in those markets.

Certainly, Levelland, Slaton, West and now Plainview, Texas would be very different places without the leadership and support of the Smith and then Sykora families.

In 1951, Bill H. Smith moved his family to Slaton, Texas, and started Slaton Motor Company. Smith had previously worked for Ford

and quickly fell in love with the car business. He had the charisma of a true salesman, and the Slaton Motor Company was a success!

By 1965, Bill’s son, Steve Smith, was actively involved in the store. In 1966 the father and son moved from their original downtown location to 1700 W. Division and renamed the family business “Smith Ford.” The Slaton store remains at this address today. In 1982, Steve’s daughter, Annette began working full-time at Smith Ford and in 1989, she became the General Manager. Meanwhile, in the small town of West, Texas, Patrick Sykora was earning his stripes at the family dealership, Sykora Family Ford. In 1997, Annette and Pat were married and became partners in the Slaton dealership.

The year 1999 brought expansion to two locations, Slaton and Levelland. The name was changed to “Smith South Plains” to reflect the family business which would now serve a



large part of the south plains area. Both locations are open today with full operations in Levelland and used car sales and service in Slaton. Pat and Annette still take an active role in the business as owners/operators.

To further expand their footprint in the Texas high plains, the family will soon open a new Ford dealership in Plainview. The family atmosphere lives on as three of their five children and one son-in-law have joined the business and are actively involved in operating the dealerships. Daughter Nicole Campbell came to work in the Levelland store upon graduation from Texas Tech University. Today she is the Marketing and Business Development Director for all three dealerships, and her husband, Tell, is the Fixed Operations Director in Levelland. The youngest of the five children, Ryan Sykora, is a student at Texas Tech and works at the Slaton dealership while he finishes his degree. Son Holden Sykora will be the General Sales Manager of the Plainview dealership when it opens in August.

When you have been in business in the same area for almost 70 years, franchised dealers like the Smiths and Sikora's have contributed countless hours and dollars supporting towns and institutions throughout their markets. But beyond that, Annette Sykora decided 22 years ago to become materially active in the leadership of NADA. At the encouragement of her mentor,

industry giant Sam Pack, Annette stood for election for the National Automobile Dealers Association's Board of Directors in 1999. Winning easily, Annette began an extraordinary journey through the chain of command at NADA that continues today. Her leadership was recognized at the national level with several key committee appointments, including the esteemed NADA Executive Committee, which eventually led to the NADA Board electing Annette to the chairmanship in 2008.

In that position, Annette traveled the world representing 18,000 franchised new vehicle dealers throughout the country. Among her many stops along the way, Annette presented a significant check to New Orleans Saints' quarterback and fellow Texan, Drew Brees, on behalf of NADA for Hurricane Katrina relief. She shared the NADA stage with two U.S. presidents and addressed the NADA memberships on numerous occasions, reporting on the affairs of NADA and the industry. Most significantly, Annette Sykora has been the only chairman of NADA to be front and center representing all franchised dealers in the bankruptcy hearings of the House Financial Services Committee. Her efforts and those of others eventually resulted in a federal bailout that preserved thousands of jobs and saved the automobile industry in this country. The government

▶ ANNETTE SYKORA — CONTINUED ON PAGE 34



» ANNETTE SYKORA — CONTINUED FROM PAGE 33

loans were soon repaid, and the industry is sound and solvent again today.

Former NADA President Peter Welch has this to say about Annette Sykora and her leadership of the national association: “Every dealer I know has a great sense of community and embraces their community as part and parcel of their business. The thing that is extraordinary about Annette is that the entire country is her community. She has worked tirelessly through NADA to improve not only the substance and image of dealers, but also a multitude of communities in which they operate. Through her chairmanship of the NADA Foundation, countless dealership employees who have been the beneficiaries of the Foundation’s Emergency Relief Fund have found a friend in Annette during their time of desperate need. Her compassion, energy and dedication are unparalleled.”

From the cotton fields of the Texas panhandle to the halls of Congress, Annette Sykora has made a difference for franchised dealers across the nation. She continues today

as Chairwoman of the NADA Charitable Foundation and reflects the remarkable stewardship of every Texas franchised dealer in caring for their fellow man.

Annette and Pat Sykora say it best as they relate the mission of their organization:

“When we peel back the layers of what our company stands for – we just keep finding “family” at the heart of it all. Above all the givens (top-notch quality, convenient service, etc.), when it comes down to it, we’re just families serving families.

“This dealership is a tried-and-true, four-generations-deep, family business. But beyond our literal family, we hire with a family mindset which means our entire team is welcomed into the fold. Then, at the end of the day, we each go home to our own families, knowing we gave it our all to support them best.

“To tie it all together, these layers of family really have one goal in mind. We want you safe on the road with peace of mind knowing we’re always here to serve you. So, what’s our vision? Families serving families. Simple as that.” »

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- **Does your provider's merger or acquisition by a larger Private Equity or Publicly traded company make YOUR business better?**
 - a. *Have your costs gone down?*
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- **What is the Mission Statement of the controlling entity long term?**
 - a. *Are they building a company to LAST or a company to sell again?*
 - b. *Are you going to have to go through provider ownership transitions every 4-6 years?*
 - c. *Are they cutting long term employees and expenses from the acquired providers to drive up their EBITDA for resale valuation?*

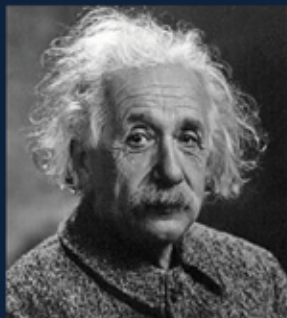
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Our incredible teams at Audi Dominion and Cavender Toyota have come together to provide OVER 500 shoeboxes filled with personal care and basic need items for United Way of San Antonio and Bexar County's 7th Annual Shoebox Project. This is our new record! We couldn't be more proud of our employees for their amazing generosity. We love Making Confidence Happen here at Cavender, and that Confidence begins with our community.



Bird Kultgen Ford, Waco, TX

We had an amazing opportunity to give Daniel, a nine-year-old car enthusiast in foster care, a tour around the dealership. We all had so much fun! Hopefully, Daniel can find his "forever family" soon! We are so blessed to have had the opportunity to spend time with him.



Audi Park Place Honors Teachers

Park Place Dealerships have supported teachers of the year in numerous school districts for years across the Dallas/Fort Worth area. This year, Park Place recognized teachers in Plano, Carroll, Allen, Grapevine-Colleyville, and Prosper ISDs.

“Teachers inspire and encourage kids to explore and learn new concepts from kindergarten to high school,” said Park Place Dealerships Managing Director Tony Carimi. “It’s hard work and everyone at Park Place recognizes and applauds their efforts which benefits our entire community.”

The CISD teachers were offered a summer in a Range Rover Evoque. Teachers in Plano ISD, Allen ISD, and Grapevine-Colleyville ISD were offered a summer in a Lexus IS or NX.



Star Dodge Chrysler Jeep RAM, Abilene, Texas

Congrats to all of our scholarship recipients! We hosted Abilene Education Foundation this week. It was a wonderful day to celebrate all these young men and women have achieved. Good luck with your very bright future!



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