
***** DEALER ACTION ALERT!! *****

TO: Colorado Auto Dealers
FROM: Jeremy Cottrell
RE: Request Governor Veto SB-112
DATE: Wednesday, April 4, 2007
CC: CADA Board of Directors
MDADA Board of Directors

If signed into law by Governor Bill Ritter, SB-112 would essentially deregulate banks, credit unions and other lending institutions in Colorado from oversight by the Motor Vehicle Dealer Board and the Auto Industry Division for the lender's sale of foreclosed, repossessed and off-lease return vehicles. Current Colorado law allots up to twelve repossessed sales per year without licensure. This bill would allow an unlimited number of repossessed vehicles to be sold with no regulatory oversight.

The bill has passed both houses and is currently on Governor Ritter's desk.

Call Governor Bill Ritter and ask him to VETO SB-112.

An emergency clause provision within the bill would make the law effective immediately upon the Governor's signature.

Speaking points:

- **Consumer protection** - Only licensed dealers and salespeople fall under the authority of the Auto Industry Division and the Motor Vehicle Dealer Board. Therefore, no recourse is available to consumers who purchase these vehicles short of bringing civil litigation.
- **Unlevel playing field** - This bill, if enacted, would limit regulation to licensed new and used car dealers and eliminate oversight of lenders. The State should either regulate everyone engaged in the business of selling, including dealers, lenders and others, or not regulate anyone. The purpose of the creation of the Auto Industry Division as well as the Motor Vehicle Dealer Board was important. Allowing some businesses to operate outside their scope frustrates the very purpose of their creation.
- **Advertising issues** - Dealers must strictly comply with sixteen (16) advertising rules in order to present an accurate, straightforward and truthful message to consumers. Violations of these advertising rules result in extremely severe penalties ranging from \$10,000 plus. Lending groups would be permitted to advertise in any manner they deem beneficial without any repercussions. It is unlikely an average consumer would be aware of the fine line subtleties between unregulated lenders and regulated dealerships.
- **Practical problems** - Only licensed and regulated dealers may obtain demo plates in order to allow consumers to test drive vehicles. Further, sixty day (60) tags may only be offered by licensed dealers. These unlicensed and unregulated businesses would not be able to provide this basic necessity.

Organizations concerned about this proposed legislation include:

- Colorado Auto Dealers Association (CADA)
- Colorado Auto Retailers (CAR)
- Colorado Independent Auto Dealers Association (CIADA)
- Colorado Auto Brokers Association (CABA)
- Power-sports Dealers Association of Colorado (PDAC)
- Transwest Trucks

→ **Call or email Governor Ritter at and encourage him to VETO SB-112.**

Phone: 303.866.2471 Email: governor.ritter@state.co.us

Thank you for your time regarding this matter.